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C. G. Stoll 40 Years With Western Electric

With the week ended Aug. 7, 1943, Clarence G. Stoll, President of the Western Electric Company, reached his 40th anniversary with that organization.

Clarence G. Stoll

Mr. Stoll joined Western Electric as a student apprentice in its Clinton Street Shop in Chicago, after graduating from Pennsylvania State College in 1903. After a succession of promotions in the manufacturing department, he became Vice President in 1926 and was elected to the Presidency in 1940.

He was in charge of the company's factory at Antwerp, Belgium, in the World War year of 1914. Today, after more than 25 years of executive responsibility in operating in peacetime the world's largest telephone equipment business, he is once again directing in wartime a great establishment committed to the job of furnishing more than a third of America's production of military communications equipment for the Allied Nations.

In This Issue

Special material and items of interest with reference to dealer activities in the States of Illinois and Wisconsin appear in this issue.

Illinois, page 594; Wis., page 596.

Bank Deposits After The War

By J. AUSTIN WHITE

J. A. White & Co., Cincinnati, Ohio

The question in the minds of bankers is not what will happen to deposits while the war lasts, but what will happen to them after the war. Practically every banker realizes now that the deposits of the banking system as a whole will rise further as long as war financing continues.

While most people now recognize the reason for the growth in deposits experienced in recent years, and expected during the remainder of the war, it may be well to illustrate the reason simply and concisely. When the banks buy bonds from the Government, the banking system as a whole makes a debit entry for investments and a credit entry for cash, assuming they pay cash for them. The Government, of course, receives the cash but soon pays it out to Tom, Dick and Harry. Then Tom, Dick and Harry deposit the money in the banks, or spend it at some store which deposits it. The banking system then debits cash and credits deposits. This debit to cash offsets the credit to cash made when the bonds were purchased; so that the net result is a debit to investments and a credit to deposits. Banks generally are now paying for their purchases of Governments, not with cash, but merely by crediting the War Loan Deposit account of the Government. This, of course, simply makes the transaction more directly a write-up of investments and a write-up of deposits.

J. Austin White

This procedure is not born of the war, for the banking system was thus writing up investments and deposits throughout the eight years before the war when the Federal budget was out of balance and the Government was borrowing from the banks. After we entered the war, however, the write-ups jumped considerably as the Government borrowed huge amounts to finance the war. By the same token bankers generally have come to realize that as long as the Government borrows huge amounts from the banks, and in the proportion that it does, deposits will rise further.

In normal times there is an automatic check to this spiral of piling up deficits and deposits. Against these increasing deposits the banks must carry reserves in cash. As deposits increase, more cash is needed for reserves. But in this process there is no new cash put into the banking system, for, again the process is simply a debit to investments and a credit to deposits, without any use of cash. In normal circumstances, then, as the cash for reserves approaches the minimum, banks are unable to increase their deposits further in this manner and thus cannot buy more bonds. This is one check of the economic system to continuous deficit spending by the Government, or at least to financing deficits by borrowing from the banks.

Fortunately, however, for the

(Continued on page 599)

A Tentative International Monetary Stabilization Plan

By DR. MELCHIOR PALYI, CHICAGO

Introduction

After the war, we shall be faced with the fact that a number of countries will not be able either to provide themselves with the necessities for consumption or the raw materials to produce for export. This emergency may last several years. The distress will arise from the fact that the countries in question will have neither gold nor other internationally marketable reserves to take care of a deficit in the respective balances of payments. These balances will be in disequilibrium due to the depletion of inventories, the accumulation of short-term debts, the destruction of productive facilities, the loss of external sources of revenue, and the difficulties in adapting their exports to new competitive situations.

Dr. Melchior Palyi

Even Great Britain is likely to be in such a situation, in addition to a number of other Allied countries, to say nothing of the Axis nations. The lack of balance in the international accounts of each individual country will effect others. If Great Britain has to resort to a major reduction of food consumption and its production at home, Canada and Argentina, Holland and Denmark, will lose a substantial portion of their outlets and will in turn reduce their imports. Elimination of one or several major buyers on the world market is bound to have adverse consequences for all trading countries. In the long run, world economy might adjust itself to the new situation, painful as are such adjustments. The trouble is that the distressed countries are not likely to submit to such an adjustment process, which might entail the liquidation of their remaining marketable assets, a profound reduction of living standards, etc. They rather will try to hedge by protective policies, in turn tending to perpetuate the international disequilibrium.

In a capitalistic world, the free flow of international credits fulfills the function of shifting capital to the countries in difficulty and relieving their distress. But even previous to the era of World Wars and managed economies, foreign capital was scarcely available at times of crisis and uncertainty. Under the forthcoming critical circumstances, it would be very hazardous, to say the least, to rely upon the "solidarity of the money markets" and the automatism of interest rates. Some institutional organization is likely to be necessary for a while to fill the gap created by a possible breakdown of the normal financial mechanism. This is what the following plan should accomplish. But its purpose is not to eliminate the "natural" course of capital flow, or to substitute an er-

(Continued on page 602)

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Additional Comments Anent Dr. Wright's Articles On Inflation and Deflation

The "Chronicle" recently published two articles, written by Dr. Ivan Wright, Professor of Economics, Brooklyn College, in which the author suggested to management and investors a program calculated to offer the best possible protection against the effects of inflation and deflation. The first of these studies, entitled **"Managing a Business for Stockholders Through the Vicissitudes of Inflation,"** was published in our issue of July 8, and the second, bearing the caption, **"When Inflation Comes, Deflation Cannot Be Far Behind,"** appeared in our issue of July 22. As was to be expected, numerous comments have been received regarding the views and conclusions drawn by Dr. Wright in his articles. Some of these expressions were given in previous issues of the "Chronicle" and others that can be accommodated in this issue are given herewith:

WALTER P. NAPIER

President, The Alamo National Bank of San Antonio, Texas

Both of Dr. Ivan Wright's articles on inflation are well written and he has laid down certain fundamentals in which I can readily concur.

These articles should be helpful to the many who are drifting along on an uncharted course. The government has no announced fiscal policy—therefore, it is difficult for any business man or individual to plan very far ahead. In view of all of this, in my opinion, there is nothing that conservative management can do except keep their business in an entirely liquid condition.

R. PERRY SHORTS, President Second National Bank & Trust Co., Saginaw, Mich.

I read Dr. Wright's former article on inflation and got some good ideas out of it and I also appreciate the opportunity of reading "When Inflation Comes, Deflation Cannot Be Far Behind."

Naturally, in this connection, the thing that worries the competent and patriotic banker today more than almost anything else is the outlandish war debt that is being placed upon country. He feels that this debt is going to be about twice as much as would have been necessary. The present administration seems to have started out

R. Perry Shorts

(Continued on page 597)

Fears Administration May Subvert Constitution On Post-War International Bank

Editor, The Commercial & Financial Chronicle:

I have read the article which appeared in Thursday's "Commercial and Financial Chronicle" giving Dr. Spahr's viewpoint as to whether or not the President can commit the United States to a post-war international bank. There seems no doubt in my mind that any such organization in which the United States would participate would first have to be approved by the Congress, in view of the fact that it would give a definite value to our currency abroad.

There have, however, been so many different proposals made during the last ten years which did not strictly conform to the constitution of the United States and yet some roundabout method was found to accomplish the same end and thus circumvent the intent of the law of the land. It is very probable that some legal mind in Washington will devise some such means and we will be faced with a fait accompli. It will then be difficult for Congress to do anything about it without causing some international financial disturbance.

It is well that Dr. Spahr has spoken out and let us hope that Congress will make its position clear before any international commitments on this point are definitely made by members of the government who are not the elected representatives of the people.

EMIL LINHART.

New York, N. Y., Aug. 2, 1943.

OUR REPORTER'S REPORT

The second largest public utility bond issue of the year was due on the market today with a large banking group slated to offer $45,000,000 thirty-year first mortgage 3⅛% bonds of the Northern Indiana Public Service Company at a price of 102⅞.

Since the bonds were purchased by the group in competitive bidding it was naturally expected that the Securities and Exchange Commission would grant the clearance necessary to go through with the offering to the public.

The offering syndicate consisting of some ninety firms, mostly of New York and Chicago, was likewise one of the biggest organized in recent months to handle the sale of a corporate undertaking.

Inquiry among dealers indicated that the undertaking might be expected to entail somewhat more in the way of selling effort than might have been the case had the issue been priced to yield 3% or slightly better.

The current offering affords a yield of approximately 2.98%. Accordingly some insurance firms in New York, New England and Philadelphia are reported a trifle reluctant although others are said to have taken down lots direct from the underwriters.

However, since the yield barely shades the 3% level it is expected that die-hards will gradually capitulate.

Port Authority Bids Wide

Much water has passed over the dam since the last time a municipal, or revenue, bond issue brought such a wide spread among bidders as shown in the auction of the Port of New York Authority's $14,281,000 general and refunding 2¾%s this week.

Presumably the wide variation in ideas of bankers with regard to such issues at the moment, reflects the uncertain traffic outlook particularly in the area in which the Authority's projects operate. Lifting of the pleasure-driving ban and easing of gasoline restrictions naturally would alter the outlook considerably.

But with four groups bidding the spread between the highest and lowest offers was 2.03 points, the winning bid calling for payment

(Continued on page 600)

Wittich On Trip To Coast

Wilbur R. Wittich, Manager of the New York office of Wyeth & Co., at 40 Wall St., is leaving on Friday, Aug. 13, for a trip to the Pacific Coast where he will make his headquarters at the firm's Los Angeles office, 647 South Spring St.

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President Confers With Postwar Planners

President Roosevelt held a postwar planning conference on Aug. 10 with his State Department advisers.

Heading the group was Secretary of State Cordell Hull, while the others attending were Undersecretary of State Sumner Welles; Norman Davis, Chairman of the American Red Cross; Dr. Isaiah Bowman, of Johns Hopkins University; and Dr. Leo Pasvolsky, Special Assistant Secretary of State in charge of postwar planning.

Anderson Opens In L. A.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Russell M. Anderson has opened offices at 559 South Figueroa St. to engage in a general securities business. Associated with Mr. Anderson will be Bruce Card, formerly with Franklin Wulff & Co., Inc., and Morrison Bond Co., Ltd.

Attractive Possibilities

Federal Water & Gas Company offers attractive possibilities at current levels according to an interesting circular issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this circular may be had from the firm upon request.

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NSTA Municipal Forum To Hear Carl Chatters

The National Security Traders Association announces that Carl H. Chatters will be the speaker at the Municipal Meeting to be held in Chicago on Aug. 20, during the Association's annual meeting in that city.

Mr. Chatters is well known in the field of municipal finance and at present is serving as executive director of the Municipal Finance Officers Association of the United States and Canada, and is Secretary of the National Committee on Municipal Accounting. He was consultant to the TVA on its relations with the municipalities and cooperatives to which it was selling power; has served as consultant to several cities on their financial problems; was a member of the Technical Board of Review of the Federal Emergency Administration of Public Works; was director of the Municipal Advisory Council of Michigan, and served as City Auditor and Director of Finance for the City of Flint. Mr. Chatters has been a lecturer at the University of Chicago and in collaboration with A. M. Hillhouse and Irving Tenner.

He is Editor of "Muninical Finance Magazine" and "Municipal Finance News Letter."

Victor Troendle Is With Witherspoon Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Victor H. Troendle has become associated with Witherspoon & Co., Inc., 215 West Seventh St. Mr. Troendle was formerly an officer of G. Brashears & Co. with which he had been associated for many years.

H. J. Moffett Joins Adams-Fastnow Co.

(Special to The Financial Chronicle)

LOS ANGELES, CAL. — Harry J. Moffett has become affiliated with Adams-Fastnow Company, 215 West Seventh St., members of the Los Angeles Stock Exchange. Mr. Moffett was previously with Fairman & Co., specializing in aviation securities.

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War And The Stock Market

The brief period since our last Investment Survey has seen two striking developments:

1. The fall of Mussolini under conditions which indicate that Italy will soon be out of the war.

2. A break in stock prices under a heavy volume of selling which has already lasted for three days and is still in progress as this is being written.

Because the two have coincided so exactly, there is a temptation to generalize about the whole matter as a "peace break" and to base our own reactions on that generalization. It seems to me that such an interpretation is far from getting at the genuine nature of this market decline and is, therefore, a dangerous basis of reasoning from which to operate. My feeling is bolstered by several actual facts:

1. During the three day period, in which the Dow-Jones Industrial Average **declined** 5%, the Reuters Index of British Industrials **rose** 2%. Since the Reuters Index usually fluctuates about half as rapidly as the Dow-Jones Index, it is fair to say that British Stocks rose about as aggressively as American Stocks declined. Incidentally, the Reuters Average on July 28, 1943 was at the highest point reached since the invasion of France in 1940.

2. The market made little distinction between "War" and "Peace" stocks. The following list of percentage declines will illustrate my point:

Anaconda Copper	Off	7%
Bethlehem Steel	"	6%
Deere & Co.	"	10%
Standard Oil of N. J.	"	5%
Texas Co.	"	6%
Atchison, Top. & S. Fe	"	9%
General Motors	"	8%
Kennecott Copper	"	6%
Skelly Oil	"	10%
Southern Pacific	"	8%
Amer. Tel. & Tel.	"	2%
Consolidated Edison	"	4%

In all of this list, no stocks show any definite disadvantage from their status as "war stocks" and none, except the Public Utilities,

(Continued on page 601)

NASD To Take SEC Unlisted Decisions To Court; Association Opposes New Requests

The Executive Committee of the NASD has voted to appeal to the courts decisions of the SEC granting the New York Curb Exchange unlisted trading privileges for two public utility bond issues. The Executive Committee has also decided to oppose new SEC applications of the New York Curb to extend such privileges to six corporate common stock issues, all of which are now traded actively in the over-the counter market. The decisions of the Executive Committee are in line with the policy of the Board of Governors, adopted last year, under which all applications of exchanges to extend unlisted trading privileges to over-the-counter issues are to be opposed when the granting of such privileges would, in the opinion of NASD, be contrary to public interest and to the protection of investors.

So far as is known, the contemplated appeal of the SEC decisions to the United States Circuit Court of Appeals is the first such court test to be made of such decisions. The issues which are the basis for the action are Central Power and Light 3¾'s of 1969 and Kentucky Utilities 4s of 1970. Early last month, the SEC, over the opposition of NASD, authorized the Curb to extend unlisted trading privileges to these issues. At the same time, it denied a Curb application, also opposed by NASD, to extend unlisted trading privileges to Kentucky Utilities 4½'s of 1955.

Commissioner Robert E. Healy, in dissenting from the majority in the SEC decisions affecting Central Power and Light and Kentucky Utilities 4's, expressed the following opinion:

"I think it clear that the applicant Exchange (N. Y. Curb) has the duty of proving that there exists in its vicinity sufficient public trading activity in the securities to render the extension of unlisted trading privileges to them necessary or appropriate in the public interest or for the protection of investors. The Curb has not, in my opinion, made such a showing in this case by a fair preponderance of the evidence, and therefore I feel constrained to dissent from the grant of the applications."

The latest applications, which NASD will oppose, seek to secure

(Continued on page 600)

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W. W. McCandless Now Is With Sutro & Co.

LOS ANGELES, CALIF.—William W. McCandless has become associated with Sutro & Co., Van Nuys Building. Mr. McCandless was formerly manager of the trading department of Searl-Merrick Co., was with B. B. Robinson & Co. and in the past was a partner in McCandless, Troyer & Co.

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Nominating Committee Appointed By STANY

The Board of Directors of the Security Traders Association of New York has chosen the following Nominating Committee, which they feel is outstanding and truly representative of their membership:

William K. Porter, Hemphill, Noyes & Company; Philip Ackert, Freeman & Company; Frank Blair, Allen & Company; Eugene Stark, Merrill Lynch, Pierce, Fenner & Beane; William Mellin, Walter Murphy & Company.

The following vacancies will occur at the end of the fiscal year:

Retiring Directors: Fred Fox, P. F. Fox & Co.; Walter Saunders, Dominion Securities Corp.; Harry Reed, Hill, Thompson & Co., Inc.; Willis Summers, Troster, Currie & Summers.

Retiring Directors of Gratuity Fund: Elmer Lally, Hayden, Stone & Co.; E. K. Sheppard, Robinson Miller & Co.

It will be necessary to nominate three Directors as well as a President, First Vice President, Second Vice President, Treasurer and Secretary; four Delegates to the National Committee, three Alternates and two Trustees of the Gratuity Fund.

The Nominating Committee will advise members as to its first public meeting. All are urged to make their wishes known.

THE ROAD TO POST-WAR RECONSTRUCTION
Guide for the Investor

The market will not wait for the end of hostilities to reflect the country's transition to peace. The Government and far-seeing business executives are planning now for a post-war world.

Our study, THE ROAD TO POST-WAR RECONSTRUCTION was written as an aid to investors who are thinking ahead and readjusting their portfolios to a peacetime economy.

This booklet estimates the conversion period of different industries, and lists leading companies that will be called upon to supply the world demand for consumer and capital goods.

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BACK THE ATTACK—BUY WAR BONDS

NSTA Advertising Notes

It is indeed most pleasing to add again this year our good friend and sincere worker, **Al Tryder** of **H. T. Greenwood & Co., Philadelphia,** to the list of members anxious to improve the financial status of your Association by cooperating with the Advertising Committee. Al has in the past been one of the outstanding producers for our yearbook and will undoubtedly put the **Philadelphia affiliate** in a class among the three highest insofar as the production of advertising orders for the forthcoming NSTA issue of **The Commercial and Financial Chronicle** is concerned.

Also **Thomas W. Price** of **E. H. Rollins & Sons**, President of the **San Francisco Traders Association**, is assisting on the Coast with **Eldridge Robinson** of **Baum, Bernheimer Co., Kansas City**, acting as Chairman of his local club. **Kermit B. Sorum** of **Allison-Williams Co., Minneapolis** (known to many as the tiger man), is cooperating with the **National Committee** representing the **Twin City Bond Traders Club.**

It is gratifying to report our production this year has hit a new all-time high, but many of the **National's** affiliates have up to the present done nothing. May I appeal again to all to reach for a phone and give your **NSTA** just a few moments of your time to ask someone you may be friendly with to assist you and your group by placing an ad in the special issue of **The Commercial and Financial Chronicle** to be issued Aug. 26.

There is still time left to secure more contracts as forms will not close until Aug. 23.

Let's prove our unity with advertising representing membership of all of the affiliates of the **NSTA.**

Harold B. Smith, Chairman
NSTA Advertising Committee
Collin, Norton & Co.
30 Pine Street
New York, N. Y.

NSTA Offers All-Out Aid In 3rd War Loan Drive

On behalf of the 2,000 members of the National Security Traders Association, Frank P. Meyer, Chairman of the War Bond Committee, announces having gone on record with the Treasury offering the association's complete facilities and full cooperation in the forthcoming Third War Loan drive. Continuing the policy followed in the First and Second War Loan drives, when the NSTA unhesitatingly volunteered its services 100% toward the successful culmination of those two campaigns, Mr. Meyer emphasized that there will be no let up in the association's program to give the Treasury full support in the September financing. Plans now under way, whereby the association's affiliated organizations throughout the country will be given complete details of the procedure to be followed with the War Finance Committees in their respective states, will be finally drawn up and announced at the NSTA annual meeting in Chicago Aug. 20-21, when other matters pertaining to the investment dealers' important role in winning the war will also be thoroughly discussed.

Members of the War Bond Committee in addition to Chairman Meyer, who is connected with the First of Michigan Corporation, Detroit, are Andrew L. Tackus, Putman & Company, Hartford; George V. Jackish, Harris Upham & Co., Minneapolis; Henry J. Richter, Scherck, Richter & Co., St. Louis, and Ludwell A. Strader, Scott Horner and Mason, Lynchburg, Va.

Dallas Bond Club New Affiliate Of NSTA

The Executive Council of the National Security Traders Association takes pleasure in announcing the acceptance of the application of the Dallas Bond Club for membership in the National Organization. The Directors of the Dallas Bond Club are:

John L. Canavan, Rauscher, Pierce and Co.; Jack Garrett, Garrett and Co.; J. Wesley Hickman, Schneider, Bernet & Hickman; William R. Newsom, Jr., Sanders and Newsom; Henry N. McConnell, Crummer and Company, Director and Secretary.

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S. Duncan Returns To N. Y.

Sidney V. Duncan, Assistant Vice-President of R. S. Dickson & Co., Inc., who has been located at Charlotte for the past six months, has returned to the New York office, 30 Broad St., where he will resume his former duties.

REORGANIZATION RAILS

Inquiries Invited

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The Securities Salesman's Corner

Leads Are The Basis For Increased Sales

There is no greater stimulant to a sales organization than to have an ample supply of fresh, new, leads upon which they can work. Unless salesmen are encouraged to make calls on new prospects they naturally follow the lines of least resistance and continue in the same well worn pathways until one bright day they wake up and find out that the old prospects and customers are no longer productive. When this happens it's usually too late to do some constructive clientele building. The time to build a clientele is when business is good—not when it slumps.

It seems to us that present conditions offer an excellent opportunity to create leads through the use of well prepared informative bulletins upon timely investment subjects of interest to security buyers. If you have a good writer in your organization who knows his background material and can write about technical subjects in an interesting manner put him to work.

Some subjects that have been found to bring in a ready response of investor inquiries are: Inflation, new products and inventions, the effect of contract termination and post-war adjustments on security values, peacetime portfolios, taxation, how to invest for income, analysis of portfolios, and such subjects as "how to uncover security bargains."

These brochures should be printed in neat type and well prepared. They should look important enough to create a good impression upon the recipient so that when he has finished reading he is left with a favorable viewpoint of both the subject matter and the firm that wrote it.

Direct mail with a return card or newspaper advertising can be used effectively to secure replies. The salesman should deliver the message in person. He should also be ready to discuss the subject covered in the brochure in an intelligent manner. Of course, this is only his introduction to the prospect and from here on it's up to him.

Interesting Possibilities

Common stock of the Struthers Wells Corporation offers attractive possibilities according to an interesting memorandum prepared by Cruttenden & Co., 209 South La Salle St., Chicago, Ill., members of the New York and Chicago Stock Exchanges. Copies of this circular may be had from Cruttenden & Co. upon request.

Situations Of Interest

Purolator Products, Inc., and Federal Machine and Welder Co. offer attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Interesting basic reports upon the companies may be had from Reynolds & Co. upon request.

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Railroad Securities

The rapidly developing peace psychology, aggravated most recently by the general withdrawal of Axis forces on the Russian front and reports that the military leaders have taken over actual control in Germany, has induced a highly nervous tone in the defaulted rail market. This nervousness has been characterized by, and price declines have been accentuated by, very thin markets on the bid side rather than by any great selling pressure. It is difficult to see how this new speculative attitude will be changed generally over the near term. Nevertheless, past history gives ample evidence that specific developments in individual reorganization proceedings can result in substantial price gains in the affected issues counter to the general market trend.

With this in view, many rail men have recently been contemplating the various St. Louis-San Francisco issues with interest. In the first place, there is the prospect of substantial interest payments in the course of the next month or so. Earlier in the year the various bondholders' groups agreed that only one interest request would be made for 1943 (last year there were early summer and early winter disbursements.) This request may come some time in August and will almost certainly not be delayed beyond September. Last year the company made interest payments aggregating roundly $13,500,000 and in addition paid off the principal of $6,500,000 face value of underlying bonds at par, making total cash distributions of roundly $20,000,000.

Earnings so far this year have run ahead of a year ago and certainly even a quick end to hostilities in the European theatre could not adversely affect operations during the balance of 1943. Financial position is much stronger than it was a year ago. Recent balance sheets show a gain in cash of over $13,500,000 compared with the like 1942 date and it is likely that the year-to-year rise has been even more pronounced by now. Tax liabilities are also naturally heavier than they were twelve months ago but even at that it is indicated that net working capital has increased $11,000,000 or more.

With this background, most observers believe that the company should be able to distribute at least as much cash this year as it did in 1942. The Kansas City, Fort Scott & Memphis bonds are in the strongest position and liquidation of the entire accumulated interest is generally expected. As of Oct. 1, 1943 the total of unpaid interest will amount to $211 per bond. Payment would involve an outlay of $10,025,243, including interest on bonds pledged behind the Consolidated Mortgage bonds.

Based on the earnings segregation formula devised some years ago and used in arriving at allocations of the new securities under the ICC reorganization plan, the Prior Lien mortgage, including pledged bonds, would then be entitled to an aggregate distribution of $11,305,000. The total cash needed for these distributions would be only about $1,250,000 more than the cash distributed last year, in interest and for retirement of underlying bonds. In such a distribution the individual Prior Lien bonds would be entitled to approximately one and one-half years interest. On the basis of the pledge of Fort Scott and Prior Lien bonds, the Consolidated Mortgage 4½s would be entitled to receive approximately $65 per bond.

In addition to this near term prospect for substantial interest payments, it is expected that formulation of a new reorganization plan may not be far distant. A revised plan should provide for more liberal treatment than the original Commission plan which was rejected by the District Court more than a year ago. The District Court rejected the plan on the grounds that the RFC and RCC received preferential treatment at the expense of holders of the Prior Lien and Consolidated Mortgage bonds. The extent of the preference was put at $7,081,000 new 1st Mortgage 4s and in any revision this inequity will unquestionably be corrected.

Also, $6,506,170 of divisionals have been paid since the original plan was formulated, and the attitude of the Commission in the

(Continued from page 593)

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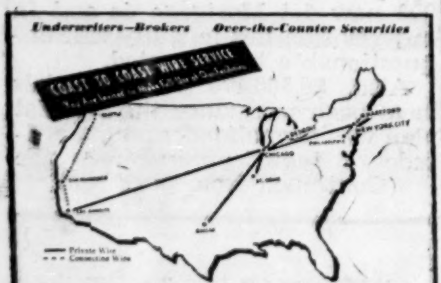

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Chicago Brevities

An impending new financing operation by **Cook County**, embracing the **City of Chicago**, which may amount to anywhere from $8,000,000 to $10,000,000 and a possible refunding of the governmental unit's entire existing bonded indebtedness were topics of interest in local financial quarters last week.

The new financing operation is for the purpose of funding into a bond issue all unpaid bills and judgments of the county incurred prior to Dec. 1, 1942. The county currently is making a tabulation of all unpaid bills and, when this list is finished, it is to be submitted to a firm of bond attorneys, which is to pass on the legality of the various claims. A resolution authorizing issuance of the bonds then will be drafted for submission to the board of commissioners. A county fiscal official said last week that the governmental unit might be prepared within two or three weeks to issue a call for bids on a new bond issue.

The refunding of the entire existing bonded indebtedness of the county, reportedly being considered by fiscal officials, would be accomplished under terms of an exchange offer, which would be made to existing security holders. This refunding operation would follow the pattern of refinancing now being undertaken by the City of Philadelphia. The latter is offering to holders of its bonds bearing interest rates ranging from 4% to 5% an optional 1944-53 new securities due 1958-75. In the Philadelphia set-up, the new obligations bear the same interest rates as the old up to the first call date of the latter. Thereafter, the new securities bear 3¼%.

This proposed refinancing by the county is likely to encounter stiff opposition, however, and the question of whether any such operation can be accomplished is open to doubt. The county has outstanding roundly $24,000,000 of bonds, of which more than $18,000,000 become callable by Jan. 1, 1946. In view of this fact, most financial men believe it would not be advantageous for the county to attempt a major refunding. They feel that it would be more judicious to exercise options on as many of the bonds as is possible each year and perhaps avoid entirely any refunding within the next few years. The majority of the county's bonds actually mature in 1951 and 1956.

Financing Authorized

While this refunding move under consideration faces stiff opposition, no apparent major hurdle stands in the way of the governmental unit's new financing venture. The financing would be accomplished under terms of a bill recently passed by the Illinois Legislature which Gov. Dwight H. Green permitted to become law without his signature. It gives the county the authority to fund all unpaid bills and judgments incurred prior to Dec. 1, 1942, and is designed to alleviate a rather desperate financial condition.

The county has had definite financial problems in recent years, so far as current operations are concerned, and has been the target for many and severe criticisms. Governor Green in permitting the funding bill to become law charged the government unit with "flagrant mismanagement."

"Cook County is authorized by this bill to issue bonds to discharge certain indebtedness incurred prior to Dec. 1, 1942," the Governor said, and added that debts "have accumulated despite repeated warnings to the Cook County government that it has lived beyond its income for many years."

On Dec. 1, 1942, the county had $4,899,483 in unpaid bills and $3,463,497 of judgments, according to the Civic Federation, which is regarded as the "watchdog" of local governmental units. The judgments represent charges made by the City of Chicago against the county for the cost of operating the municipal court up to the end of 1938. These judgments have been sold to insurance companies. In addition, the city's charges against the county for municipal court costs have been piling up at the rate of anywhere from $350,000 to $400,000 annually for years subsequent to 1938. The latter charges have not been reduced to judgments.

The total of all of the claims outstanding against the county thus aggregated around $10,000,000 as of Dec. 1. Of the $4,899,483 of bills unpaid as of that date, the county earlier this year remitted $1,200,000 from the proceeds of a block of 1943 tax anticipation warrants. It is understood that the county would like to include this amount in the funding operation to reimburse its treasury, but it is not likely that it will be permitted to do so. The exact amount of the county's bond issue will not be ascertainable until attorneys who will draft the bond resolution pass on the various claims.

Opposition to Funding

The county for some time has sought to fund the judgments representing the cost of operating the muncipal court and has had the support of civic organizations in this regard. It is felt that charging the county with the costs of the court is unwarranted, and that these costs were imposed on the county in 1931 without its knowledge. The question of giving the

(Continued on page 595)

Late Analysis On Request
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Chicago Recommendations

Adams & Co., 231 South La Street, will send latest available information on **Howard Aircraft Corporation Common Stock.**

* * *

Brailsford & Co., 208 South La Salle Street, have available a recent comprehensive analysis of **Chicago, North Shore & Milwaukee R. R. Co.**, showing history of earnings and a future projection based on recent figures. Copies will be sent upon request.

* * *

Caswell & Co., 120 South La Salle Street, have recent data on **Liberty Baking Corporation $4.00 Cumulative Preferred Stock** which they will send on request.

* * *

Cruttenden & Co., 209 South La Salle Street, have compiled late data on **Struthers Wells Corporation** and these figures will be sent on request.

* * *

Enyart, Van Camp & Co., 100 West Monroe Street, will furnish latest data and quotations on **Chicago and Suburban Bank Stocks.**

* * *

Fred W. Fairman & Co., 208 South La Salle Street will send on request late analysis of **Interstate Aircraft and Engineering Corporation.** This literature shows that the post-war possibilities of this pre-war Engineering organization are outstanding. With its present engineering staff numbering approximately 300, no task in its war effort is unnecessarily delayed and production is being maintained 24 hours a day, 7 days a week. The Company is planning carefully for the post-war period and has in various stages of development a number of times, any one of which can show an excellent return on the small stock capitalization of only 128,000 shares common stock. Two items which appear to have unusual possibilities are a car-cobler which can be retailed at a popular price and a three piece portable washing machine to be marketed under $50 through a large chain store organization. This machine is of light metal and plastic construction, is comprised of an electric driven rotor, wringer and top. The unit is demountable and can easily be handled by the housewife. Fitting over any standard basement tub, it does an efficient job of washing, and can compare favorably with the higher priced units. Marketed in volume through a chain store organization it should produce a volume sufficient to use the capacity of the El Segunda plant.

* * *

Leason & Co., 39 South La Salle Street, have prepared a comprehensive Brochure covering **The Chicago Rapid Transit Co. First Mortgage and First Refunding Bonds**, which is available on request.

Chicago Rapid Transit Co. reported that it carried 14,670,000 passengers in July, 10.63% more than the 12,715,813 carried by the Elevated System in the corresponding 1942 period. For the first seven months traffic was up more than 6% to 100,905,468 passengers from 94,898,969 in first seven months of 1942.

Aplication has been made to open officially the Chicago Subway on October 1. This subway will be operated in conjunction with and by The Chicago Rapid Transit Co. It has been estimated that a 20% step up in passenger revenue should result from the Subway - Elevated combination, which should materially increase net operating profits.

* * *

John J. O'Brien & Co., 231 South La Salle Street, reports that **Consolidated Railway of Cuba, Preferred**, listed on the New York Stock Exchange, has interesting possibilities, outlined in a recent memorandum which is available on request.

* * *

Daniel F. Rice & Co., 141 W. Jackson Boulevard, will send on request descriptive circular on **Oak Park, Ill.; Sewer Revenue Bonds** and on general obligation **bonds of East St. Louis, Ill.** and **Highland, Indiana.**

* * *

C. L. Schmidt & Co., 120 South La Salle St., has prepared recent analyses of **Central Electric & Telephone Co., Common & Preferred**, and **Reliance Steel Co. Common & Preferred.** Copies are available on request.

* * *

Straus Securities Co., 135 South La Salle Street, have compiled very late information on **United Stock Yards Corpn.** 70 cent Preferred Stock and **C. G. Conn, Ltd., Common Stock.** These reports will be sent on request.

* * *

In view of developments during the past fortnight, investors everywhere are scrutinizing their holdings. In line with this trend, **Thomson & McKinnon**, in their **"Review of the Week"** have attempted to appraise the intermediate market performance in the light of current events, with an analysis of railroad operations, inasmuch as this industry has been considered a conspicuous beneficiary of the war-time period.

Their **"Weekly Bond Review"** points out that, in July, the New York Stock Exchange enjoyed the greatest activity in bonds for that month since 1936. The July rail bond average, 81.38, on July 24, was the highest since April 1937 and closed the month at 78.52. A section of their "Bond Review" is devoted to European bonds which, in the light of peace prospects, take on increasing significance.

Thomson & McKinnon will send a copy of either or both of the reviews free upon request. Address **Thomson & McKinnon, Statistical Library, 231 South La Salle Street, Chicago.**

* * *

Zippin & Co., 208 South La Salle Street, again wishes to warn holders of **Mexican Government Securities** that August 31, 1943, is the last date to register bonds as to non-enemy ownership. Further information on request.

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Analysis on request

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George Hummel With Ryan-Nichols & Co.

CHICAGO, ILL. — George F. Hummel, formerly with Hicks & Price, now is a member of the trading department of Ryan-Nichols & Co., 105 South La Salle St. Mr. Hummel entered the securities business in 1928 with A. C. Allyn & Co. He is a member of the Chicago Bond Traders Club.

Reid W. Taylor Joins Mitchell Hutchins Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Reid W. Taylor has become associated with Mitchell, Hutchins & Co., 231 South La Salle St., members of the New York and Chicago Stock Exchanges and other leading national Exchanges. Mr. Taylor was formerly for many years with Hulburd, Warren & Chandler.

The Road To Post-War Reconstruction—Study

That the investment community would do well to turn its attention now to the conditions affecting securities by reason of the trend of the war is a conclusion offered by the firm of J. S. Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges, in a study announced today under the title, "The Road to Post-War Reconstruction." According to the firm, investors should recognize the forces that will be necessary for world reconstruction and should take into account greatly altered circumstances that will follow the war.

While supporting the Administration's warning against complacency resulting from the victories of the Allies, the brokerage firm says "it is recognized that planning for the post-war period must go forward vigorously."

"The Government itself," says the study, "has been well aware of this need, and has made available the studies of the Department of Commerce and other Government agencies. Trade associations and private research institutes are spending much of their energy in drawing up schedules for the post-war world.

"The investor must also think in terms of the changed conditions that will accompany the return to peacetime activities. In his business activities, the investor cannot sit by, but must continue to give his every effort to producing as much for the war as he is capable; at the same time, he must be certain not to adopt a complacent attitude in connection with his own investments. It is none too early to begin planning investment portfolios that take into account the return of the world to peaceful political, economic and trade conditions."

Consumer as well as capital goods will be needed to place the liberated countries of Europe on a sound moral and business basis, which would indicate that the general level of industrial output in the United States should continue fairly high right through to the end of the war in Europe, says the firm.

A "blue print" is offered the investor, consisting of suggestions for investment programs covering the objectives of the different classes of security holders.

The study ends with a number of tables showing companies in different industries that will be called upon to supply the huge demand after the war for consumer and capital goods. The length of the conversion period of different industries is estimated.

Copies of the study may be had from J. S. Bache & Co. upon request.

York Corp. Attractive

Common stock of the York Corporation offers an interesting situation, according to a memorandum issued by Peltason, Tenenbaum, Inc., Landreth Building, St. Louis, Mo. Copies of this memorandum may be had upon request from Peltason, Tenenbaum, Inc.

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Chicago Brevities

(Continued from page 594)

county authority to fund its unpaid bills, however, has met with definite resistance. On this point, the Civic Federation recently had this to say:

"The funding of floating debt is bad in principle. However, the county is in such a predicament through excessive appropriations over a period of years that it probably could not liquidate this debt within nine or ten years, even by the greatest economy and the additional financing and relief which have been given it.

"This debt, or a large part of it, also will be reduced to judgment, bearing, like the judgment (for municipal court costs) already outstanding, 5% interest. Bonds can be sold on approximately a 2% basis. Moreover, the bad credit position of the county results in paying excessive prices for commodities at a cost to the county and its taxpayers of about $600,000 a year. This saving in commodity purchases, plus a saving in interest and the fact that this debt would probably have to be funded sooner or later, render enactment of this bill apparently the lesser of two evils.

Chicago Unit Defaults

The default by the Chicago Board of Education on the coupon due Aug. 1 on its outstanding issue of $900,000 of refunding 4¾% bonds, dated Feb. 1, 1935, and due Feb. 1, 1955, was another subject of interest in local financial quarters last week. This default, however, did not occur as the result of inability to pay the interest, which amounted to $21,375, but rather to a decision handed down by the Cook County court holding that the bond issue was illegal.

The issue was sold back in 1935 to refund obligations which originally had been issued to redeem 1928 tax anticipation warrants of the board. Judge Edmund K. Jarecki ruled in a taxpayer's suit that tax warrants could be redeemed only from the proceeds of taxes levied for the years for which warrants were issued. His decision followed the principle handed down by the Illinois Supreme Court in 1935 in the so-called Berman case. The State court ruled that bonds could not be issued to pay tax anticipation warrants.

The Board of Education has announced its intention to appeal Judge Jarecki's decision to the Illinois Supreme Court. In the meantime, bondholders plan to take some action of their own and probably will file a suit in one of the local courts to reduce the defaulted coupon to a judgment.

In previous years, Judge Jarecki has handed down similar decisions in taxpayer cases holding the $900,000 issue of 4¾s of 1955 invalid. The Board of Education, notwithstanding these decisions, met the coupons on the issue. The feeling at this time, however, is that the question of the validity of the issue should be adjudicated.

History of Case

The history of the situation dates back to 1931, when the Board of Education issued $2,300,000 of educational fund bonds to pay the principal and interest on 1928 educational purposes tax anticipation warrants. Of this issue, $1,400,000 became due and were paid in 1933 and 1934. The balance of $900,000 was replaced by the 4¾% issue of 1955.

Moreover, the board issued $3,213,000 of a second series of bonds, dated Dec. 15, 1931, to pay off other 1928 and some 1929 tax anticipation warrants. Of this bond issue, $2,713,000 was redeemed, and the other $500,000 was refinanced in 1934 as a part of a $5,500,000 refunding issue of the board. The latter issue bears 4¾% interest and matures Sept. 1, 1954.

Judge Jarecki ruled that one-eleventh of this $5,500,000 issue is invalid, and the board is expected to default on one-eleventh of the next coupon on these bonds, which is payable Sept. 1.

Traders Meeting

Patrick B. McGinnis, of Pflugfelder, Bampton & Rust, will address the annual meeting of the National Security Traders Association, which will be held in the Palmer House in Chicago on Aug. 20 and 21. Mr. McGinnis addressed the previous annual meeting of the association, held in Chicago last year, on the subject of the rail security problem and how to handle it.

Now Assel, Kreimer & Co.

(Special to The Financial Chronicle)

CINCINNATI, O. — Coincident with the retirement of Douglas K. Fuller, the firm name of Assel, Kreimer & Fuller, Provident Bank Building, has been changed to Assel, Kreimer & Co.

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Three Examples Of Utility Foresight

If management is one of the best safeguards behind an investment, foresight is one of the best signs of good management. Not once, not twice, but three times in recent years has the management of Wisconsin Electric Power Co. presented its stockholders with examples of this kind of preparation for the future. The 1942 annual report contained the following:

Long before "Pearl Harbor" orders were placed for two important additions to our generating equipment. One, a 35,000-kilowatt turbo-generator, was placed in service at our Commerce Street plant on Dec. 31, 1941. The other, an 80,000-kilowatt unit, is scheduled for operation at Port Washington this year.

This Commerce Street addition was begun in 1939. In 1930—at a time when most corporations were cutting down on every kind of expense—the company was proceeding with the first unit of its Port Washington Power Plant. This first unit was not completed until November, 1935, and provided continuous employment to many men and equipment for many factories to build in the Milwaukee district.

In reporting on the progress in generating facilities, the company's 1942 annual report states that its Port Washington Power Station again bettered its previous world record for economy of operation with an average coal consumption of 10,596 BTU per kilowatt hour of station output. In spite of recent improvements. company's funded debt and preferred stocks Dec. 31, 1942, were outstanding in smaller amounts than on Dec. 31, 1938.

Financial Briefs Of Wisconsin Corporations

The Wisconsin Company, 110 East Wisconsin Ave., Milwaukee, Wis., have prepared a most attractive brochure entitled "Financial Briefs of Wisconsin Corporations," representing information which most investors like to have for quick reference. Included are earnings, dividends, market prices, net working capital, and book value figures worked out on a per share basis. These book value figures are given, according to The Wisconsin Company, because some investors use them in noting changes in surplus trends or growth in net worth over a period of years, although there may be no direct connection between book value figures as such and earnings in any one year.

Copies of this brochure may be obtained from The Wisconsin Company.

Mosinee Annual Report Reveals Strong Position

The annual report just issued by Mosinee Paper Mills Company shows the strongest financial condition in the company's history. Working capital increased $197,561, and long-term indebtedness was reduced $72,505. The ratio of current assets to current liabilities was 12.6 to 1, compared with 4.25 to 1 in the preceding year. Profits were equal to 75 cents a share.

Railroad Securities

(Continued on page 596)

New Haven case indicates that the securities originally allocated to the divisionals will now be reallocated to the remaining bondholders. The potentialities are obvious when one considers that the two items of the preferentials plus the divisionals accounted for almost 20% of the total fixed mortgage debt allowed originally by the Commission. Cash payments and a revised more liberal allocation of new 1st Mortgage bonds would appear to warrant higher prices for the Frisco bonds even in a generally unfavorable speculative rail market.

Investment Trusts

(Continued from page 597)

have a wholesome effect on the entire business.

Dividends

Affiliated Fund, Inc.—An extra dividend of 5c per share declared payable Oct. 15, 1943.

American Business Shares, Inc.—An extra dividend of 4c per share payable September 1 to stock of record Aug. 16, 1943.

Correction

In last week's issue we reported that the Hugh W. Long & Co. dealer questionnaire revealed 98.5% of them keeping their offices open one or more nights a week for the benefit of war workers. The correct report is that 98.5% are **not** keeping their offices open evenings.

Tomorrow's Markets Walter Whyte Says——

By WALTER WHYTE

Bearishness now dominant. Inflation hedges forgotten. Stocks here and there begin to indicate potential good action. Expect new upsurge in selected issues.

Under the theory that nothing succeeds like success the recent market break has brought in a host of new pessimists who see nothing but lower prices ahead.

* * *

The same stories which circulated so widely a few weeks ago when everybody was so cheerful are again going the rounds. The only difference is that the stories of then have been given what show business calls the "switcheroo." A few weeks ago they were all bullish. Today they are all bearish. But the subject matter, earnings, taxes, postwar outlook, is the same.

* * *

Some attempts have been made to draw analogies between the London market and our own, inferring of course that our market will also go up to new highs. Whether or not the analogy is a good one is beside the point. The dyed in the wool bull can pull all sorts of examples out of the air to prove his point just as the case hardened bear can juggle figures to demonstrate his argument. But in the final analysis what happens in the London market means little to the average American trader. His real interest lies in the action of say U. S. Steel on the New York Stock Exchange not in the movement of British securities on the London market.

* * *

The word inflation which acquired such an enthusiastic following only a few weeks ago seems to have been completely forgotten; at least so far as the stock market is concerned. A few days of sharp breaks and the fear of inflation seems to have dissipated into thin air. Be that as it may it's probably a good thing all around. The word "inflation" has been used to explain so many things that it's application to stock market practise today is completely without meaning. If a stock goes up today on the vaguest of reasons right away the word inflation is used as the cause. If the truth were known more stocks have been bought in the past few months as an inflation hedge than for any other reason. That wouldn't have been so bad if the stocks were not already reflecting this inflation belief. But because few people are interested in a product (stock of a company or shoes) until it becomes scarce or hard to buy, more people bought common stocks at the recent highs than at the lows that preceded the advance.

* * *

All this, however, is so much ancient history. The reasons why people buy or sell stocks are mysterious and many. Basically, of course, it is the desire to make money which brings people into the market. But now we are faced no longer with a dangerous market but one which has already undergone a severe decline and is now at the crossroads. Will it go down further from here? Will it turn dull and do nothing? Or will it now stage an impressive rally? You can take any of these questions and get plenty of arguments. But in the final analysis if you don't have the right stocks you might as well limit your market activities to trading on paper. You won't make any money, you won't lose any money, but you'll have a lot of fun.

* * *

If you're interested in more than theoretical arguments forget scholarly market discussions and inflation. The stocks to buy at all times are the ones which look and act well.

* * *

Last week I mentioned a list of stocks which should meet support at certain figures. Some of these got down to their support levels, recognized them by jumping away, others are still some points away. Now I give you a list of stocks which show more than support. I therefor suggest buying them with the proviso, however, that stops be placed accordingly. Here they are:

* * *

Bethlehem Steel at 57 with a stop at 56; Borg-Warner at 32 with a stop at 31; Canada Dry at 20½ with a stop at 19; Distillers Seagram 27½ with a stop at 26. For those who like fast movers I suggest Pepsi-Cola at 46. But because of it's wide swings it's stop is hard to figure. A speculative stop would be 44; Shell Union Oil at 26 with a stop at 25; Sinclair Oil at 11 with a stop at 9¾; United Airlines at 26½ with a stop at 25½; White Motors at 18½ to 19 with a stop at 17½ and Yellow Truck 16½ to 17 with a stop at 15.

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

Mrs. Luce Denounces Policy On India

Representative Clare Boothe Luce (Rep., Conn.) on Aug. 9 denounced British policy toward India and censured President Roosevelt for his silence.

Mrs. Luce spoke at a Town Hall meeting in New York City commemorating the first anniversary of the imprisonment of Indian patriots by the British Government.

In the New York "Journal-American" of Aug. 10, the following was reported:

She coupled her denunciation of the President's attitude with a pointed declaration that Prime Minister Churchill regarded political freedom as the "white man's monopoly."

"Let me ask you quite flatly, for whose freedom do we fight, for whose liberty?" she asked.

"No sophistry can conceal from the civilized world that in the midst of a so-called world war for freedom, the most civilized, pro-Western man of our times, Pandit Nehru, has been clapped into jail.

"He has been treated like a traitor to freedom itself because he dared to say to the leaders of the United Nations:

"'May I ask at this point if you mean freedom for my people when you say you are fighting for the freedom of all mankind? May I inquire if the Atlantic Charter extends to the people of Asia?'

"Oh, what embarrassing questions," the Congresswoman added.

Interstate Aircraft Situation Of Interest

Fred W. Fairman & Co., 208 South La Salle St., Chicago, Ill., members of the Chicago Stock Exchange, have prepared an interesting memorandum on Interstate Aircraft & Engineering Corporation common stock, which they feel offers an attractive situation at the present time. Copies of this memorandum are available to dealers upon request.

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Additional Comments Anent Dr. Wright's Articles On Inflation And Deflation

(Continued from page 590)

with a concept of a 200 billion dollar war cost and this kind of an exaggerated concept calls for dollar an hour wages for beginners' wages in war plants and monthly earnings as high as four or six hundred dollars for skilled workers—all of which about doubles the price of everything the civilian population buys and also doubles the price of every gun and tank and ship that the Government purchases for war purposes — and incidentally doubles the tax burden on the public. The whole picture appears like an inflated balloon—twice its normal size—drifting without any rudder or anchor until it some day bumps into a solid rock of reality and bursts like a bubble.

In the mean time, we are all sawing wood to help win the war and get it over as quickly as possible.

JOHN L. COLLYER, President
The B. F. Goodrich Company

It is very helpful to have a subject such as this interpreted in terms of objective business policies, rather than in the usual theoretical manner.

John L. Collyer

The articles have done much to stimulate our thinking, and I am sure you will receive widespread commendation from business men, generally.

ROBERT L. WHITTAKER
Robert L. Whittaker & Co., Philadelphia

Dr. Wright's article "When Inflation Comes, Deflation Cannot Be Far Behind" is undoubtedly farsighted and instructive.

Everyone should pause and mentally digest his historical summaries of inflation and deflation. I am utterly unsympathetic to those who advocate inflation as a way out of our troubles. The welfare of society depends on the elimination of inflation. After this war, as Dr. Wright maintains, the citizenry will probably be faced with a debt of $300 billion. Politicians will take care to capitalize on this debt and will try to prevail upon the people to eliminate it by unsound economic principles. They have tried to do so before.

This debt may seem large but contrast it with the public debt of England which rose from 129 million sterling in 1775 to about 848 million sterling in 1817. During the Napoleonic wars 1,100 million sterling was levied in the United Kingdom.

Compared to those times, our potential debt of $300 billion is small. We have now tremendous productive power, not only in manufacture, but also in agriculture.

In order to take care of our debt there will be many privations but in the end society will be the winner.

H. D. COLLIER
President, Standard Oil Company of California

A very interesting presentation of the subject and has been read with much interest.

HON. JOSIAH W. BAILEY
United States Senator From North Carolina

Josiah W. Bailey

It is an excellent and wise discussion, and I am glad to have it. Let Dr. Wright now define "Sound Currency."

E. A. WALKER, President
The Tradesmens National Bank, Oklahoma City, Okla.

After all, the cause of inflation is not difficult to see and Dr. Wright has tersely stated what causes inflation and as to what is the remedy.

We are now in a position in this country when something must be done or we are going to run into a catastrophe. I fully agree with Dr. Wright, that if we are going to continue as a Nation on the same basis that our country has existed for 167 years we must pay our great debt in money, worth as much as the money was worth at the time the debt was incurred, and even though it should take us 50 or more years to do this, we would be better off if we continued to run our Government honorably and pay our just debts in money of equal value.

If we are driven to the point of putting out fiat money or printing press money, then the wreck of our Nation will be greater than has occurred to any other nation, because of our past history and great wealth and the prosperity we have had in the past.

If this inflation should go on to the point that Government bonds are not worth par, then it would take some imagination to foresee what might happen to the country. Every large insurance company, and almost every bank in the country has a large investment in Government bonds, and if these bonds should go down any appreciable amount, than chaos would soon result.

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Another thing that we must do some serious thinking about is our tariff, which we have been in the habit of levying on goods imported into our country. If we are to have a free world, then we must have free trade between the composite parts of the world. The Atlantic seaport has been built up by reason of this high tariff, and it is going to be a desperate fight to get it reduced or abolished. But it seems to me that if we are to have a free world, we must have free trade, and that we cannot possibly have an excuse to make other countries pay such a large penalty for the sale of their goods in our country.

Then, as a passing shot, I would like to gently suggest that something must be done with reference to the Labor Union. It seems to me that one good general government in our country should be enough, without two or three minor governments within our Government. Enough said.

Claybaugh Now Captain

Blair F. Claybaugh, of Blair F. Claybaugh & Co., has been promoted to Captain in the U. S. Army.

Financial Statement Of Paine, Webber, Jackson & Curtis

We give below the statement of financial condition as of May 31, 1943, of Paine, Webber, Jackson & Curtis (established 1879), members of the New York Stock Exchange and other principal stock and commodity exchanges, with offices in Boston, New York, Chicago and other large cities in the United States:

Statement of Financial Condition
As at May 31, 1943

Assets—	
Cash on hand and in banks, segregated commodity funds and clearing funds	$4,729,423
Receivable from other brokers or dealers on open accounts, securities borrowed, and failed to deliver items	2,171,704
Receivable from customers on fully secured accounts and current cash transactions	18,114,326
Fully secured joint accounts in which the firm has an interest	345,728
Market value of securities held for firm and partners' accounts	1,752,577
*Miscellaneous current assets	52,532
Total current assets	$27,166,293
Exchange memberships at market value	193,037
Furniture and fixtures, less depreciation	94,174
Prepaid expenses and deferred charges	87,221
Unsecured receivables	23,120
Total	$27,563,846
Liabilities and Net Worth—	
Money borrowed against collateral	$8,790,000
Payable to other brokers or dealers on open accounts, securities loaned and failed to receive items	1,801,897
Payable to customers:	
Free credit balances	9,158,779
Credit balances on fully secured accounts and current cash transactions	1,481,271
Equities in commodity accounts	370,603
Fully secured joint account, with securities sold not yet purchased in which the firm has an interest	10,304
Market value of securities sold for firm accounts not yet purchased	90,462
†Miscellaneous current liabilities	270,331
Total current liabilities	$21,973,650
Reserve for partners' income taxes	600,000
Net worth	4,990,195
Total	$27,563,846

*Revenue stamps, interest and commissions receivable. †Accrued taxes, commissions and expenses, sundry accounts payable, and unclaimed dividends.

Note—Contingent liabilities on account of open trades not yet cleared because of terms of delivery, underwriting commitments and when issued contracts would make no material change in the above statement on the basis of quoted market values, May 31, 1943.

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Investment Trusts

More About The Market

Some of our friends think this column is no place for stock market prognostication. Others have encouraged us in mentioning here from time to time as they occur the "signals" of our pet Stock Price Trend Indicator, a mechanical device not infallible but of unique interest on the important count that its owner has made money consistently in the stock market during the years we have known him.

Our last mention of this indicator appeared in the issue of June 24, 1943. Under the heading, "Reasons For Optimism," we listed the forces that were putting the market up and then concluded as follows:

"This, of course, does not preclude an intermediate reaction. But it does support the belief that any correction at this time will not go far. Incidentally, our own 'Stock Price Trend Indicator,' mentioned before in this column, has been rather wobbly of late, but as yet neither the short-term nor the longer term index has gone 'under the line.' "

In fairness to those who have evidenced an interest in this indicator, we report herewith the latest developments. Returning recently from a fortnight's vacation, we found that the short-term index gave a down signal on July 20. At this writing the longer term index still remains bullish but is uncomfortably close to the line. However, our friend is inclined to the view that the longer term index will not turn down and that the shake-out will prove to be a "short-term" character.

Should the longer term index turn bearish at this point, it would indicate a correction extending over a period of several months. This would hardly be welcome to many people either in or out of the investment company field.

And yet just such a development could well prove a boon to alert investment company sponsors and their affiliated dealers. It would give them a perhaps final opportunity to get the rapidly growing number of inflation-conscious investors into the market at prices still depressed by war taxes and the New Deal.

* * *

Speaking of the market brings up another currently spotlighted subject among the mutual funds—comparative performance. In declining markets, such as were witnessed in the years preceding the turning point of April, 1942, you will find little mention made of performance, comparative or otherwise, in mutual fund literature. After all, there is nothing very constructive saleswise about comparing losses. But an extended period of rising prices invariably creates interest in performance comparisons.

"Picking dates" has been an important part of this type of presentation. Permitted to pick his own dates, almost any sponsor can prove that his particular fund has outperformed almost any other fund. In the past these "date-picked" comparisons have resulted in a great deal of confusion and unproductive effort. Fortunately, this era of popularity is coming to an end.

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Since "Barron's" Quarterly Investment Trust Gauge has been expanded to include a broad representation of all types of mutual funds, it has provided an authoritative answer to the question of comparative performance. Of at least equal service to the field, it has proven that the performance achieved by investment company managements generally is of high quality, far outpacing the Dow-Jones and other standard market "Averages."

In recognition of the service performed by "Barron's" as well as the dealer interest in unbiased, authoritative performance records of the various funds, a growing number of sponsors are making it a practice to send reprints of the Quarterly Investment Trust Guage to their dealer associates. This broad "dissemination of truth" cannot help but

(Continued on page 596)

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

Louis D. Brandeis, in addition to being a great lawyer, was also a mathematician. He had a keen comprehension of figures and fully understood their significance and import. A classical quotation he sometimes used was: "Remember, O Stranger, Arithmetic is the first of the sciences and the mother of safety." At a time when the investing public and Wall Street were not as statistics conscious as they are today, he prophesied the failure of companies merely through an astute analysis of their published figures and the discernment of the trend revealed therein. He never ignored the "relentless rules of humble arithmetic."

If the investor in bank stocks will apply the "Brandeis method" to a study of the book values of bank stocks over the past eight years, he will find much to encourage him and much that will aid his sense of perspective. Furthermore, it will assist him in the problem of selection and diversification. The accompanying tabulation starts with the year 1934, which was the first full year after the 1933 bank moratorium. In all cases the book value is stated per common share, after adjustment for preferred stock if any. The only bank in the list which today has preferred stock outstanding is Manufacturer's Trust Company.

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BOOK VALUE PER SHARE

	12-31-1934	12-31-1937	12-31-1940	12-31-1942	6-30-1943
Bank of Manhattan	$22.72	$22.93	$23.44	$24.28	$24.54
Bank of New York	271.64	322.88	335.80	348.55	353.60
Bankers Trust	34.81	40.77	43.37	46.07	49.01
Brooklyn Trust	164.92	169.15	172.35	174.45	175.10
Central Hanover	78.58	87.12	91.53	95.87	96.42
Chase National	22.85	31.31	31.99	33.19	33.84
Chemical B. & T.	34.05	37.31	38.95	40.23	40.64
Commercial National	209.21	216.49	224.96	235.42	239.48
Continental B. & T.	19.02	20.40	21.23	21.39	22.37
Corn Exchange	41.50	44.07	47.14	48.18	48.69
Empire Trust	18.07	21.28	*86.46	90.20	92.20
First National	992.18	1,182.08	1,197.21	1,220.44	1,230.28
Guaranty Trust	296.99	301.88	307.72	313.94	317.17
Irving Trust	21.56	22.35	20.74	20.98	21.07
Manufacturers Trust	26.25	38.79	36.89	39.39	40.48
†National City	22.26	25.84	29.50	33.14	34.71
New York Trust	67.72	80.60	81.03	84.06	83.50
Public National	33.83	39.87	43.86	46.50	47.26
Title Guarantee & Trust	36.32	22.53	15.08	13.47	12.89
U. S. Trust	1,485.24	1,538.04	1,543.04	1,504.78	1,507.30

*Par value of stock changed from $10 to $50. †Includes City Bank Farmers Trust.

A study of the above figures reveals that, with the exceptions of Irving Trust and Title Guarantee and Trust, the book value of each bank stock has risen substantially during the past eight years. In the main, this increase has been achieved through the crediting of undistributed profits to the "undivided profits" account, which, together with capital and surplus, comprise book value, or capital funds, and belong to the stockholders. However, there have been a few exceptions in certain years. For example, in the year 1936 four banks transferred funds from reserves to surplus, thus increasing book value, as follows: Bank of New York, $28.83; Chase, $6.80; Manufacturer's Trust, $6.07 and New York Trust, $10.00. These transfers explain the unusually large jump in book values between 1934 and 1937, noticeable in the tabulation.

In 1938 Irving Trust transferred $0.67 from surplus to reserves, and charged $1.11 against surplus for the reduction of the book value of its bank building. Consequently, the book value of its stock dropped from $22.35 in 1937 to $20.59 in 1938. In the case of United States Trust, a transfer of $41.40 in 1942 from undivided profits to a mortgage valuation reserve, serves to explain a similar decline in book value. The drop in book value per share of New York Trust, as of June 30, 1943, was occasioned by a 20% increase in the number of shares from 500,000 to 600,000.

As a picture of steady and sound expansion, the above exhibit would be difficult to beat. Furthermore, the published book values of these banks are considered to be conservatively stated in most instances. Bank earnings this year are excellent, probably even better than the statements reveal, for the banks, as a whole, are believed to be charging off, out of earnings, to the fullest practicable extent.

Currently, the above twenty bank stocks are selling on average at approximately 92% of June 30th book value. The high stock is First National, with a radio of 1.22 times book value, and the low stock is Title Guarantee & Trust at 0.40 of book value. Nine stocks are selling at a moderate premium to book-value, and eleven stocks at a discount from book value.

Standard and Poor's weekly index of New York City bank stocks is currently at 94.6, compared with the July 1934 average of 96.0. Meanwhile, the average increase in book values of the nineteen stocks (exclusive of Title Guarantee), from Dec. 31, 1934 to June 30, 1943, is 22.5%. Title Guarantee's book value has declined 65.0%, but its stock is not included in Standard and Poor's index.

Municipal News & Notes

Gasoline Consumption Down 17% In 1942

American automobile users consumed nearly 20 billion gallons of gasoline during 1942, a decrease of 17% under 1941, gasoline tax collections records compiled by the Public Roads Administration of the Federal Works Agency showed.

The 1942 total on which gasoline taxes were levied was four billion gallons less than in the preceding year, according to reports of State agencies to the Roads Administration.

Total State gas-tax collections, plus receipts such as inspection fees, dealer's license fees, fines and penalties aggregated $845,803,000 for 1942, compared with $958,013,000 in 1941. Taxes on aviation gasoline—$948,000 in 1942 and $701,000 in 1941—are included, but refunds for non-highway use amounting to $63,264,000 in 1942 and $57,214,000 in 1941, are excluded from total receipts.

The average gasoline tax per gallon for all states was 3.99 cents in 1942, the same as for the previous year. Rates of State taxes ranged from 2 to 7 cents per gallon.

The greatest decrease in gasoline consumption, based on amount taxed, was reported by New Hampshire, with 31% fewer gallons in 1942 than in 1941. Eastern seaboard States where gasoline rationing began May 15, 1942, reported declines of 17 to 31% for the year.

In the area rationed beginning December 31, 1942, Missouri, Montana, New Mexico, Oklahoma, and Wyoming also had reductions of 18% or more. In the other states in this area there were smaller decreases.

Tax Refunds in 1942 were made on 1,651,000,000 gallons for the Nation as a whole, compared with 1,405,800,000 gallons the preceding year. Tax exemptions increased in 1942 to 2,273,700,000 gallons, compared with 1,276,500,000 in 1941.

Results Of Pleasure Driving Ban

The second ban on non-essential driving, like the first, has proved highly effective in eliminating the unnecessary travel that had not already vanished under gasoline rationing, the Public Roads Administration of the Federal Works Agency said Aug. 2 in announcing a special summary of traffic records in the East.

The most conspicuous effect of the non-essential driving ban effective May 20 is that Sunday traffic has declined well below that of the average weekday, wheras before the ban it was considerably higher, the Roads Administration said. The first ban, enforced from January 7 to March 3, produced the same result.

The Public Roads Administration summary of traffic under the ban shows these results on the Memorial Day holiday in 1943:

Eighty-two percent less traffic was recorded at 78 points on rural roads in 11 northeastern States, compared with Memorial Day 1941. Traffic during the 1942 holiday was 57% under that in 1941.

Traffic on the Fleetwood Viaduct, Westchester County, N. Y., toll facility which is restricted to passenger cars, was 94% below that of Memorial Day 1941. The 1942 volume was 68% less than that in 1941.

For the Merritt Parkway in Connecticut, which also is restricted to passenger cars, traffic on Memorial Day in 1943 and 1942 was 93% and 71%, respectively, below that in 1941.

Traffic showed the following response to the non-essential driving ban during the last 11 days of May, compared with the first 20 days of the month when non-essential driving was not prohibited.

Forty-two percent decline on Sundays at 105 automatic traffic-recorder stations on rural roads in 11 northeastern States, 16% on Saturdays, and 8% on weekdays.

Fifty-one percent decline on Sundays at 17 toll facilities in the Northeast, 22% on Saturdays, and 11% on weekdays.

State Motor Vehicle Revenues Lower In 1942

State motor-vehicle receipts of $448,968,000 in 1942 were about 9% less than in 1941 but greater than in any other previous year, the Public Roads Administration has announced after completing its annual compilation of State reports.

Receipts consist largely of registration fees and have totaled more than $400,000,000 annually for four consecutive years, as follows: 1942, $448,968,000; 1941, $490,666,000; 1940, $439,178,000; and 1939, $412,494,000.

Previous declines occurred in 1938 and in the three years 1931-33. Receipts did not surpass the 1930 total until 1936, however.

Receipts passed the $200,000,000 figure in 1924 the $300,000,000 mark in 1927, and $400,000,000 in 1939.

Bus, trailer, and motorcycle registrations produced the only increases in receipts in 1942. For 1942 and 1941, respectively, they were: Busses $5,915,000 and $4,232,000, trailers $15,282,000 and $14,989,000, and motorcycles $559,000 and $479,000.

Miscellaneous receipts, such as those from dealers' licenses, permits, certificates, of title, fines and penalties, totaled $52,032,000 in 1942, compared with $73,130,000 in 1941, and $65,407,000 in 1940.

State motor-carrier tax receipts amounted to $21,896,000 in 1942, compared with $20,576,000 in 1941, and $17,913,000 in 1940.

Maryland's Bonded Debt Cut $14,538,000

Bonded indebtedness of the State of Maryland was reduced to $33,619,000 at the close of the State's fiscal year on June 30, Governor O'Conor has announced. This was a net reduction of $14,538,000 in a 5-year period, he said.

The bonded indebtedness on June 11, 1939, when Governor O'Conor first took office amounted to $48,157,000. Under the State's Constitution no State debt may be created for more than fifteen years and must be retired in that period.

The total bonds issued during the past four and a half years amounted to $6,596,000, against total bonds redeemed of $21,134,000 in the same period, the Governor explained. From 1935 to 1938 a debt of $19,109,000 was created. From 1931 to 1934, $14,382,000 worth of State bonds were sold.

Governor O'Conor has promised to liquidate the State's bonded indebtedness to a point where real estate taxes, which are pledged on the debt, can be eliminated entirely.

Gisholt Co. Interesting

Gisholt Machine Co. offers an attractive situation, according to a memorandum prepared by Herzog & Co., 170 Broadway, New York City. Copies of this interesting memorandum may be obtained upon request from Herzog & Co.

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Situation Of Interest

The 5% Cumulative Preferred Stock of Illinois Iowa Power Company offers interesting possibilities at the present time according to a memorandum on the situation contained in the current issue of "The Preferred Stock Guide" issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of the "Guide," which also contains comparative figures on both preferred and common public utility stocks may be had from G. A. Saxton & Co. on request.

Coca-Cola Bottling Of N. Y. Situation Of Interest

The Coca-Cola Bottling Co. of New York, Inc., is the subject of an interesting study prepared by Hoit, Rose & Troster, 74 Trinity Place, New York City. Copies of this study may be had from the firm upon request.

Bank Deposits After The War

(Continued from first page)

present war emergency, we have the Federal Reserve Banks, which have authority to buy Government securities in the open market and pay for them by issuing Federal Reserve notes. This procedure, of course, adds the cash to the banking system necessary to provide the reserves required against growing deposits. It is interesting to note that excess reserves of the member banks of the Federal Reserve System have declined from $6,896,000,000 on Jan. 15, 1941, to $1,020,000,000 on July 28, 1943, despite a reduction in percentage requirements during this period. Moreover, the Federal Reserve Banks have added a total of $5,702,000,000 of Government securities to their holdings during the past one and a half years. It is expected that the Federal Reserve Banks will make further purchases in the open market as necessary to provide the cash needed for reserves against the deposits which will grow still further as the Government continues to borrow from banks.

With these comments as a background, let us now consider what is likely to happen to deposits when the war is over. In the first place, it is generally agreed that the end of the war will find bank deposits at a materially higher level than that existing at present. The extent of this further rise depends upon the extent of further Government borrowing from the banks, and this in turn depends upon the financial cost of the war. What appears to be a reasonable and logical prediction was hazarded by Mr. J. H. Wood, of the investment counsel firm of Van Cleef, Jordan & Wood, in a recent address to the Virginia Bankers Association, as reported in these columns in June. Mr. Wood estimates that by the end of 1945 the Government will have borrowed an additional $46,000,000,000 from the banks and that banking deposits will therefore increase from the level of approximately $88,000,000,000 at the beginning of this year to $134,000,000,000, an increase of about 50%. This would appear to be a conservative assumption, in view of the fact that bank holdings of Government securities increased by $15,000,000,000 in the last half of 1942 and total deposits increased by $16,600,000,000 in the same six month period, before the Government was borrowing on the scale it is today.

But whatever the level of bank deposits will be at the end of the war, the level is generally expected to be considerably higher than now. The question on which there is not such a general agreement—or even conclusion, as yet—is what will happen to deposits when the war is over.

To study this question, one must first realize that, since these deposits arise principally from the increase in the holdings of Government securities, the deposits will not decline materially until the banks decrease their holdings of Governments. The familiar entry of debit to investments and credit to deposits must be reversed. There must be a debit to deposits and a credit to investments, in order to bring down those deposits that have been written up through purchases of Government securities.

The question, then, is when and how will the banks decrease their holdings of Governments? The first thought may be that the Treasury will pay off maturing obligations. But obviously, there can be no net reduction in the debt of the Treasury before the budget is balanced. When such a time will come is not only difficult to predict, but it is even a remote thought at this time. There is talk from some quarters of practically feeding and rehabilitating the world when the war is over—at the expense of the U. S. Treasury.

But, assume that the budget is balanced within a year or two after the war. It is a far more hazardous assumption that the Treasury could soon begin to make a material reduction in its debt. Predictions of what the debt will be at the conclusion of the war range from $200,000,000,000 to $300,000,000,000. It seems reasonable to conclude that, with such a tremendous debt, there will not be enough of it paid off to reduce the amount held by banks materially for several years.

Moreover, it is quite worthy of note, to realize that, for any payment of the Government debt to effect a reduction in bank deposits, such payment must be in sound, hard money rather than in fiat money. Should some misguided "Progressive" succeed in persuading the Government to revalue the gold stock of the Treasury upward and pay off the debt with the "profit" thereby written on the books of the Treasury, there would be no reduction in bank deposits. In fact, to the extent that securities held by the non-bank public are thus paid, there would be a proportionate rise in deposits. The net result of such a payment to banks would simply be a debit to cash and a credit to investments. The Government account would be written down, but the deposit account would not be touched. The cash that would thus be pumped into the banking system would be tremendous.

To effect an actual reduction in inflated bank deposits by Treasury payment of its debt, such payment must be made from taxes collected from Tom, Dick and Harry. As Tom, Dick and Harry pay their taxes to the Treasury, the banking system debits deposits and credits cash. As the Treasury pays off the bank's maturing securities, the banks debit cash and credit investments. By this process both the investment account and the inflated deposits are written down.

It would seem reasonable, however, not to expect that sufficient taxes can be collected from Tom, Dick and Harry to effect any material reduction in the Treasury debt soon after the war is over—especially if, as seems quite possible, Tom, or Dick, or Harry, or all three, be without a job and without an income.

Another possible means of writing down inflated bank deposits would be for the banks to sell their Government securities to investors outside the banking system. But for several years after the war it does not seem likely that there will be any bona fide purchasers outside the system for any material amount of securities owned by the banks. In fact, it appears to be quite possible that the banks may be called upon to buy additional bonds from the Treasury in order to permit it to pay securities held by the public.

In the first place, every effort is quite properly being made now, and will continue to be made for the duration of the war, to have the non-bank public buy as many government securities as possible. Thus at the end of the war this public will own as much of the Government debt as reasonable efforts could have it own. When the conflict is over any effort to have the non-bank public purchase a larger share of this debt will not meet with any greater success than that accompanying such efforts while the country is at war. In the second place, many individuals, and quite possibly others, have bought War Bonds with the thought of using the money after the war for something which cannot or should not be bought now. A great part of this debt is a demand obligation of the Treasury and the Government must be prepared to meet such obligations as called upon. In the third place, a large part of the debt is owned by corporations and business firms which have surplus funds not now needed. It is quite possible that many of these firms will have a need for such funds after the war and will want to convert the securities into cash. Thus, it seems that not only will the banks probably not be transferring their share of the Government debt to the public, but in fact, the banks may be buying more Government securities to provide the funds necessary to pay bonds owned by the public.

One other thought is worth considering in judging the course of deposits after the war. Considerable talk is heard of a possible slump in business activity with the cessation of hostilities. It does seem difficult to visualize any possible peacetime demands that could be so urgent as the needs of war, that could justify three shifts and 24 hour production on such a vast scale as we see now throughout the country, that could permit such fat pay envelopes as are distributed now, or that could cause such a manpower shortage as exists today.

In the past, depressions have usually been accompanied by declining bank deposits. During the period of prosperity or activity preceding the depression, deposits were swollen, not by loans to the Government, but by loans to business. In previous days of activity business firms found it advisable to borrow funds from the banks in order to finance their increased inventories and activities. Such loans resulted in the usual debit to loans and credit to deposits. Thus deposits were swollen. When the need for funds to finance high inventories and activity had passed, with the coming of a depression, these firms found it advisable to pay off their loans at the bank. Then the entry was reversed and the banks debited deposits and credited loans. Thus deposits declined.

Today, however, the loans of the banking system are at the lowest level seen for several years. These loans have been declining instead of rising, and they continue to decline. Thus, the swollen deposits of today are not due to loans made to business firms who will repay when business activity slumps. Rather these swollen deposits are today due to loans made to the Government. For the reasons already stated, these loans will probably not be repaid for some years, and it seems likely that less will be repaid during a depression than during prosperous times.

Finally, should business activity slump after the war, we shall probably find that money in circulation will decline. At present this money in circulation is at an all time high, the rise being due largely to the requirements of financing record business activity, and to the general state of very easy money. The total of such funds outside the banks was $17,800,000,000 on July 28, 1943. If business activity should decline materially after the war, there will be no need for so much cash to carry on reduced activity, and a considerable portion of it should find its way back into banks, thus increasing bank deposits by that amount. An indication of the amount of such funds that may find its way into bank deposits, is given by the fact that during the past year money in circulation has risen by $5,150,000,000.

It is true, of course, that even though deposits as a whole remain swollen for several years after the war, there will be some shifting of funds around the country, as there always is. To anticipate these shifts is the problem of the individual banker. But for some years it seems that one bank's loss will be another's gain.

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Public Utility Securities

North American's Break-Up Plan Introduces "New Wrinkle"

The major problem in applying the "death sentence" against utility holding companies is that practically all of them have bonds and/or preferred stock outstanding. These senior issues must either be retired before remaining assets can be distributed to the common stock, or a plan for dividing assets between the various groups of security holders must be approved by the SEC and enforced by a court of jurisdiction.

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The most recent case of the latter type is United Light & Power. Here the SEC faced a basic problem of "absolute priority" vs. the right to a claim on future earnings. In certain important cases of recent years the Supreme Court has enforced the doctrine of "absolute priority"—that senior security holders should have their claims satisfied in full before holders of junior issues could obtain any interest in remaining assets. Judge Healy followed this lead in his SEC minority opinion in the United Light & Power case. The majority of the commissioners, however, decided that holding company dissolutions differ somewhat from bankruptcy cases. While the present value of the assets may be insufficient to cover fully the senior securities, nevertheless if there is reasonable prospect for future enhancement of earnings and values, the common stockholder should be given a small stake in this potential recovery.

While the commission will doubtless continue to consider each case on its merits, the decisions in three cases—Federal Water, Community Power and United Light—seem to indicate 5% as the approximate percentage which can be granted to common stockholders. Thus far the idea of giving common stockholders warrants apparently has not appealed to the commission—possibly because the warrant game was so overplayed in 1929.

Where a holding company has marketable assets worth more than the senior securities, obviously there is no need to apply any division formula, but there remains the practical problem as to how best to retire the senior securities. There are several methods—(1) to sell some properties or securities and use cash to redeem bonds by lot under call provisions; (2) to ask for tenders of bonds up to a certain amount, with a maximum price of par; (3) to buy securities in the open market, as Electric Bond and Share is doing with its preferred stocks; (4) to tender securities which it holds, in exchange for its own senior securities, as Engineers Public Service wishes to do; and (5) a method not yet tried although the SEC favors it, the marking down of par value of senior securities by distribution of cash or assets. Unfortunately, the SEC hasn't always been willing to "play ball" with the utilities in plans for retiring senior securities.

North American Company, in its recent dissolution plan submitted to the SEC, has evolved a "new wrinkle"—a sixth method of retiring securities. It is only enabled to do so, however, by the very high credit standing which it enjoys. An agreement subject to SEC approval was reached by the company with a group of banks for a five-year 2% loan of $34,881,500, which would be used to retire the present 3¾% and 3½% debentures. Four regional holding companies would be set up, together with a liquidating company to be owned jointly by the four companies. One regional company would hold stock in Union Electric, another that of Cleveland Electric Illuminating, a third would take over the interest in Wisconsin Electric Power and part of the Pacific Gas & Electric, while the fourth would hold Washington Railway & Electric and the remaining Pacific Gas; the liquidating company would take over the miscellaneous portfolio items.

The management estimated that, based on May 29th market prices, the assets behind each share of North American common stock amount to $30.83, against which the bank loan and preferred stocks would amount to $11.67, leaving an equity of $19.16 for the common stock. (This valuation on the common stock seems conservative—other recent estimates have been around 23, which compares with the present price of 16½.)

For a period of 60 days following approval of the plan each holder of North American common could obtain his share of the underlying stocks of North American's subsidiaries by surrender-

(Continued on page 600)

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Our Reporter's Report

(Continued from page 590)

of 101.33 for the issue while the lowest was 99.30. The two intermediate bids were relatively close being 100.83 and 100.61 respectively.

United Gas Corp.

Current gossip indicates that United Gas Corporation is considering revival of its refinancing program first launched in the Spring of 1941. At that time the company filed registration data covering a projected new issue of $75,000,000 of first mortgage 3¼% bonds due in 1958.

Several delaying amendments were filed while hearings were in progress on the matter, the last revealing that the company had been unable to negotiate an extension of a purchase agreement which expired on Feb. 15 last.

Current reports suggest that the company is now contemplating a revision of the original program and that a new amendment to the registration may be in order soon proposing that the financing be undertaken on the basis of about $40,000,000 mortgage bonds and the balance in debentures.

Another Utility On The Fire

If things go along on schedule, bankers should soon receive a call for submission of bids for $19,000,000 first mortgage bonds, 20-year maturity, of the Laclede Gas Light Co., carrying a 3¾% coupon, and $3,000,000 of serial debentures to mature in 10 or 15 years from date of issue.

The company has registered with the Securities and Exchange Commission for that amount of new debt as part of a voluntary plan of reorganization now pending before the Commission.

The amended plan calls for the sale of Phoenix Light, Heat & Power Company and Laclede Power & Light Co., subsidiaries of Ogden Corp., to Union Electric Corporation, the latter part of the North American System, and of electric properties operated by Laclede Electric for a price of $8,600,000, of which Laclede Gas would receive $2,000,000. Hearing on the plan has been set by the SEC for August 19 next.

Public Utility Securities

(Continued from page 599)

ing his common stock and paying in his proportionate share of the cash necessary to retire the bank debt and preferred stock (approximately $11.67). After termination of the 60-day "take-down" period, the remaining assets would be divided among the four new companies, which would respectively assume the obligations under the bank loan agreement, and also issue their own shares of preferred and common stock in proportionate amounts to North American stockholders (who would also retain their original stock, since North America would continue as the "liquidating company").

In addition to dividing the remaining bank debt among the regional companies, it would be necessary to replace the preferred stocks by an equal aggregate amount of similar preferred stocks of the regional companies. Some hitch might occur in this part of the program unless the SEC should apply to a Federal court for enforcement powers, since a few stockholders might refuse to make the exchange voluntarily. Moreover, it is proposed to retire preferred stock at par rather than the call price, which has already raised objections.

Admittedly the entire plan is submitted only "for the record," since North American is still hopeful that the Supreme Court may obtain a quorum to hear its appeal from the Circuit Court decision affirming the SEC dissolution order. Possibly it is also hoped that Congress will take action to reduce the number of justices constituting a quorum, or enact a wartime moratorium on the "death sentence" feature of the Utility Act.

North America's plan is very ingenious, but the SEC may consider it "needlessly complicated," and it is doubtful whether other holding companies, with perhaps one or two exceptions, would find this method adaptable to their own dissolution problems.

WLB Declares Stabilization Plan Is Working

In a formal opinion denying a general wage increase to 1,000,000 shipyard workers, William H. Davis, Chairman of the National War Labor Board, said on Aug. 9 that the over-all stabilization program, with the exception of food prices, has been "remarkably successful" and reiterated the Board's determination to adhere to the general stabilization policy.

While conceding that food costs "have gotten out of line," Mr. Davis' majority opinion said, "this does not mean that stabilization has failed. On the contrary, this single exception, when contrasted with the control of all other items of the cost of living, proves that the policy has in general been a success."

In United Press Washington advices of Aug. 9, the following was reported:

The board's decision, dated July 31, denied general wage increases to shipyard employees of 188 yards on the Pacific and Atlantic coasts, the Great Lakes and the Gulf of Mexico. They are represented by the CIO's International Union of Marine and Shipworkers and the AFL'S Metal Trades Department.

The CIO union had demanded a 9% wage increase, plus 5.83% of one year's wages to compensate for rising living costs. The AFL had asked merely for a general increase.

The decision, from which labor members dissented, said the board could not agree that the increases were justified because the Government, in a sense, had repudiated the assurance to wage earners that food costs would be strictly controlled.

Mr. Davis said it was clear that such costs "have gotten out of line with the general stabilization policy," but argued that this did not mean that the over-all program has failed.

The board ordered a general review of the wage-rate structure and job classifications in the shipbuilding industry.

Dominion of Canada
All Issues
Bought — Sold — Quoted
Wood, Gundy & Co.
Incorporated
14 Wall Street, New York 5
Bell System Teletype NY 1-920

Canadian Securities

By BRUCE WILLIAMS

Firmness continued to feature the Canadian bond market last week with Dominion issues closing near their recent highs. In Canadian stock markets the uptrend in prices which was temporarily halted by the break in U. S. stocks beginning a fortnight ago, appeared to have been resumed early in the week. However, some selling came in during the latter part of the week and prices gave ground, though only moderately.

Recent developments give strong indication of a continued gradual upward price curve for Dominion Government and guaranteed obligations. The same holds true for Canadian provincial bonds, allowing for selectivity of performance particularly among the higher-priced issues. Although all the better grade issues have gone below a 3% basis, the yield spread between them and prime domestic bonds is still too great.

Not overlooking the sympathetic ties between the Canadian and New York stock markets, there is a good reason to believe that Canadian security prices will hold at present levels or even go higher despite further irregularity in domestic stock prices. For one thing there is scant likelihood of a further boost in Canadian corporation taxes. With a 100% excess profits tax now in effect, any increase in taxes on companies not earning more than their pre-war standard might do more harm than good. Moreover, the swing away from the "Santa Claus" brand of liberalism which has dominated Canadian politics since 1934 has now become decidedly emphatic. In last week's Ontario elections, liberal seats were whittled down from 63 to 14.

On the other hand, we are faced with a different tax situation in this country. It appears that American corporations are belatedly in for higher taxes and this prospect, more than favorable war developments, would seem to have been an underlying cause of the present decline in stock prices.

* * *

The July report of the Toronto Stock Exchange gives the following interesting facts. Securities listed on the Exchange now total 546 issues whose combined shares outstanding amount to approximately 680,000,000. Current market value of these shares is roughly $4.6 billion.

Trading in the first seven months of the year, although still far below the 1937 level, involved a turnover of 71.6 million shares, against 21.7 million shares in the same period last year. In the first seven months of 1937, by comparison, the turnover was 204 million shares.

* * *

The downward trend in monthly dividend payments which, except for May and June, has been uninterrupted this year, continued for August. The schedule of August payments this year totals $9,741,115 as compared with $10,531,957 in the same month a year ago.

For the first eight months of 1943 Canadian dividend payments will aggregate $170,473,100 as against $174,847,449 in the like 1942 period. This represents a decline of $4.4 million in the eight months total from last year which, in turn, was $12.8 million below the corresponding 1941 period.

These figures are a reflection of the increased tax rates which are enabling Canada to pay for approximately 52% of her war effort out of current revenues. In this country where economy in Government and higher taxes have been shunned as "bad politics" we are still only paying for about 38% of our war effort as we go along.

NASD To Take SEC Decisions To Court

(Continued from page 591)

for the Curb unlisted trading privileges in:

Farnsworth Television & Radio Corp.;
Lukens Steel Company;
Merck & Co., Inc.;
Northern Natural Gas Co.;
Public Service Company of Indiana, Inc.;
The Warner & Swasey Co.

NASD was successful in opposing an earlier application of the Curb to extend unlisted trading privileges to Pacific Gas and Electric 5% Cumulative First Preferred Stock. In that case, the Commission, on July 12, found that the Curb had failed to demonstrate that there existed in the vicinity of the exchange sufficiently widespread public trading activity in this utility issue to make it appropriate for the SEC to permit unlisted trading in it on the Curb.

In the case of Central Power and Light and Kentucky Utilities 4's, the Commission, for purposes of these decisions, concluded that the vicinity of the New York Curb Exchange comprises the States of Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania and Ohio.

This is under no circumstances to be construed as an offering of these Common Shares for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Common Shares. The offer is made only by means of the Prospectus.
NEW ISSUE
108,634
THE HOOVER COMPANY
Common Shares
(Par Value $5.00 per share)
Price $22.50 per share
Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Shares in compliance with the securities laws of the respective States.
SMITH, BARNEY & CO.
HORNBLOWER & WEEKS
FIELD, RICHARDS & CO.
August 12, 1943.

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DIVIDEND NOTICES

a.c.f.

AMERICAN CAR AND FOUNDRY COMPANY

30 CHURCH STREET
NEW YORK, N. Y.

The following dividends have been declared:

Preferred Capital Stock

One and three-quarters per cent (1¾%) payable October 1, 1943, to the holders of record at the close of business September 24, 1943;

Common Capital Stock

Two dollars ($2.00) per share payable October 4, 1943, to the holders of record at the close of business September 24, 1943.

Transfer bo[illegible]be closed. Checks will be m[illegible]y Trust Company of New Y[illegible].

CHARLES J. HARDY, *President*
HOWARD C. WICK, *Secretary*

August 4, 1943

THE ATLANTIC REFINING CO.

COMMON DIVIDEND **NUMBER 152**

At a meeting of the Board of Directors held July 26, 1943, a dividend of twenty-five cents per share was declared on the Common Stock of the Company, payable September 15, 1943, to stockholders of record at the close of business August 20, 1943. Checks will be mailed.

W. M. O'CONNOR
Secretary

July 26, 1943

CHRYSLER DODGE *Chrysler Corporation* **DE SOTO PLYMOUTH**

NOW MAKING WAR PRODUCTS

DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of seventy-five cents ($.75) per share on the outstanding common stock, payable September 14, 1943, to stockholders of record at the close of business August 20, 1943.

B. E. HUTCHINSON
Chairman, Finance Committee

COLUMBIAN CARBON COMPANY

Eighty-Seventh Consecutive Quarterly Dividend

The Directors of Columbian Carbon Company have declared a regular quarterly dividend of $1.00 per share, payable September 10, 1943, to stockholders of record August 20, 1943, at 3 P. M.

GEORGE L. BUBB
Treasurer

Magma Copper Company

Dividend No. 84

On August 9, 1943, a dividend of Twenty-five Cents per share was declared on the capital stock of Magma Copper Company, payable September 15, 1943, to stockholders of record at the close of business August 27, 1943.

H. E. DODGE, *Treasurer.*

Newmont Mining Corporation

Dividend No. 60

On August 9, 1943, a dividend of 37½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable September 15, 1943 to stockholders of record at the close of business August 27, 1943.

H. E. DODGE, *Treasurer.*

(Special to The Financial Chronicle)

LONG BEACH, CALIF.—**George O. Thomas** has become affiliated with **Pacific Company of California,** Security Building. Mr. Thomas was previously with Franklin Wulff & Co., Inc. and was local manager for Bankamerica Company.

DIVIDEND NOTICES

RADIO CORPORATION OF AMERICA

Dividend on First Preferred Stock

The Directors have declared, for the period July 1, 1943 to September 30, 1943, a quarterly dividend of 87½¢ per share on the outstanding $3.50 Cumulative First Preferred Stock, payable October 1, 1943 to holders of record at the close of business September 10, 1943.

GEORGE S. DE SOUSA
Vice-President and Treasurer

New York, N. Y., August 6, 1943

Southern Natural Gas Company

Common Stock Dividend Number 18

A quarterly dividend of 25 cents per share has been declared on the Common Stock of Southern Natural Gas Company, payable September 30, 1943 to stockholders of record at the close of business on September 16, 1943.

H. GORDON CALDER,
Vice-President and Treasurer.

Dated: August 12, 1943.

Spencer Kellogg & Sons, Inc.

A quarterly dividend of $0.50 per share has been declared on the stock, payable September 10, 1943, to stockholders of record as of the close of business August 21, 1943.

JAMES L. WICKSTEAD, Treasurer

THE UNITED STATES LEATHER CO.

A quarterly dividend of $1.75 per share will be paid October 1, 1943, to all holders of record at the close of business September 10, 1943, of Prior Preference stock of this Company.

C. CAMERON, *Treasurer.*

New York, August 11, 1943.

Mfrs. Trust Interesting

The current situation in Manufacturers Trust Co. offers attractive possibilities according to a bulletin just issued by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this interesting bulletin may be had upon request from Laird, Bissell & Meeds.

Rail Situations Interesting

Leroy A. Strasburger & Co., One Wall Street, New York City, have prepared an interesting descriptive circular on several lots of railroad bonds in registered form which offer attractive possibilities, the firm believes. Copies of this circular may be had from Leroy A. Strasburger & Co. upon request.

Seaboard Reorganization Possibilities Interesting

L. H. Rothchild & Co., 120 Broadway, New York City, have prepared a study of Seaboard Air Line, which they believe is especially timely in view of the final report of the Special Master's plan for reorganization of Seaboard. Copies of this interesting study may be had upon request from L. H. Rothchild & Co.

Impact Of Events On Investment Policy

The impact of events on investment policy is discussed in the current Bulletin issued by Strauss Brothers, 32 Broadway, New York City. Copies of this interesting Bulletin with a list of suggestions may be obtained upon request from Strauss Brothers.

Nat'l Radiator Attractive

The current situations in The National Radiator Company and Public National Bank and Trust Co. offer attractive possibilities, according to memoranda being distributed by C. E. Unterberg & Co., 61 Broadway, New York City. Copies of these interesting memoranda may be had from the firm upon request.

War And The Stock Market

(Continued from page 591)

show any definite advantage from their status as "peace stocks." (In comparing individual fluctuations with the Dow-Jones Average, it should be noted that the "Average" is so weighted as to make its percentage fluctuation less than that of the individual stocks of which it is composed.)

3. This same list of individual declines, which shows that the decline was not based on the "war" or "peace" status of the industries covered, also shows a definite correlation between speculative buying in the past three months and current decline.

From these facts, I reach four conclusions:

A. The current market decline is really based on an over-bought speculative position, which has been building up for fifteen months without any real corrective reaction.

B. The Italian revolution was an excuse, rather than the basic cause of the decline.

C. Because the market has the support of neither "shorts" nor professional traders, it has fallen more precipitously than would have been the case a few years ago, but this should not be taken as indicating a long continued reaction. (This point was discussed at length and such sharpness of decline forecast in the Investment Survey of March 4, 1943.)

D. The market has so far registered only the opinion of volatile traders. The judgment of more sober investors will become apparent later.

On these grounds, it is pertinent to ask some basic questions.

Will Peace Really Be An Unfavorable Factor?

Before we speculate on whether peace has been brought appreciably nearer, it is well to appraise again the effect which actual peace will have upon security prices. For months now, the balance of published opinion in America has been that peace will release constructive, rather than destructive, forces in our economic life. According to stock price movements, the British still feel that way. So far our market offers a directly oposed opinion but, as developed in the preceding section, I doubt whether such an interpretation of our market action is justified.

There is not space to repeat here all of the reasons given over the past year as to why peace will be a constructive factor, but a quick resume follows:

1. Peace will bring to a close the destruction of human life and of material property; both of which are impoverishing the world.
2. The first effect of the destruction will be to call for a period of active replacement; the depressing factors are not effective on the surface until the replacement period is finished.
3. Technological progress during this war has been tremendous and its release at the close will not only be of long pull benefit but will accentuate the activity of the reconstruction period.
4. Private savings will be at a new high level.
5. Most of the "moral" restraints against inflation will disappear.

The most important point of this leter is the opinion that, **even over a period of one year, peace should be regarded as a "bull," rather than a "bear" point on securities.**

Is Peace Really Nearer?

Of course, the mere passage of time inevitably brings peace nearer. Similarly, every step in our invasion gives a clearer picture of Allied victory. The question really to be considered is whether the collapse of Italian Fascism makes it reasonable to expect peace at an earlier date than it might have been reasonably expected before that happening.

It seems to me that the answer is in the affirmative. It is true that Italian forces have not distinguished themselves as military or naval factors in the war, but they have occupied the time and used up the material of Allied Forces. Peace with them would be a definite saving of time, of equipment, and of lives. Still more certainly, the Italian collapse will influence other German satellites and will depress the morale of the Germans themselves.

I do not see that anything which has happened justifies me in placing my earliest possible date for European peace any earlier than the Fall of this year, which I have used before. That possibility assumed some such, then unknown, favorable "breaks" as this. The development is a definite cause for hope that the more optimistic forecasts may be right.—*Ray Vance, A. W. Smith & Co., Boston.*

Attractive New York City Hotel Bonds

Complete reports sent upon request

Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street, New York 4 **HAnover 2-2100**

Real Estate Securities

Hotel Bonds Strong In Real Estate Security Market Funded Debt Per Room Imporant Factor To Consider

Occupancy of New York City Hotels continuing around the 90% level will naturally increase net income considerably above the figures shown when average occupancy ranged from the 65% to 90% level. This factor, of course, has had a favorable market effect upon the hotel securities on properties which were earning fixed charges on the lower occupancy. It is believed that high levels will be maintained, this belief, being based partly on the experience after the last World War, when the hotel business was good for several years.

Mortgage indentures providing for use of surplus funds over interest for sinking fund operations will require the use of considerable money for funded debt retirement, increasing the value of the securities in the market and in many cases where the bonds carry all or part of the equity stock reduce funded debt more in line with present day realty values and creating a true value of the stock.

In the purchase of Hotel Bonds consideration should be given by the investor to the number of rooms in the property and the funded debt capitalization per room. Obviously a property with 1600 rooms with a small capitalization per room can benefit from the present high occupancy level more than a smaller property with a larger per room capitalization. The comparison given below of five New York hotel properties illustrates this point.

Of course, other factors should also be considered, such as current yield, rate per room, prospect for appreciation above present level due to business outlook, and amounts available for sinking fund operations. Generally speaking most hotel securities in view of present earnings and prospects are, in our opinion, considerably underpriced and are worthy of investigation by the speculative investor.

Aprrox. Yield on Bond		Number of Rooms	Funded Debt	Funded Debt Capitalization Per Room
10%	Park Central Hotel	1,600	$5,225,000	$3,284
7¾%	Hotel St. George	2,050	8,375,000	4,070
5½%	Hotel Lexington	750	3,677,000	4,900
5%	Hotel Gov. Clinton	1,100	5,560,000	5,050
5½%	Sherry Netherlands	375	6,000,000	16,000

TRADING MARKETS IN
REAL ESTATE SECURITIES
★ ★ ★
SHASKAN & CO.
Members New York Stock Exchange
Members New York Curb Exchange
40 EXCHANGE PL., N.Y. Digby 4-4950
Bell Teletype NY 1-953

Active Markets

N.Y. Title & Mtge. BK C2 F1

Prudence Collaterals Series A-18

and all other

TITLE CO. CERTIFICATES & MTGS.

SIEGEL & CO.
39 Broadway, N. Y. 6 Digby 4-2370
Bell System Teletype 1-1942

New England Power Ass'n Situation Of Interest

The 6% Cumulative Preferred Stock of New England Power Association offers considerable attraction at present levels according to a circular being distributed by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national Exchanges. Copies of this interesting circular may be had upon request from Ira Haupt & Co.

Liberty Baking Corp. Situation Interesting

Caswell & Co., 120 South La Salle St., Chicago, Ill., have prepared an interesting circular on the $4 cumulative convertible preferred stock (non-callable) of Liberty Baking Corp., which the firm believes offers interesting possibilities at the present time. Copies of this circular may be had upon request from the firm.

A Tentative Intl. Monetary Stabilization Plan

(Continued from first page)

satz system of international credit relations. Its objective is to restore, in a preliminary fashion, the facilities which will permit the forces of capitalistic expansion to resume their operations on an international scale.

The Plan

The **purpose** of the International Reserve Bank (I. R. B.) is to foster the flow of commodities, services, and capital between nations, and restore the international credit of financially distressed countries. To accomplish these aims, the Bank shall:

(a) Establish, along the lines of sound banking principles, intermediary credit (working capital) facilities for countries which are otherwise not capable of fulfilling their current obligations abroad;

(b) Serve as an international rediscount institution in times of actual or impending monetary panics;

(c) Serve as an agency in managing, so far as necessary, the markets in foreign exchanges;

(d) Provide clearing between central banks and eliminate unnecessary gold movements.

* * *

The **monetary** unit of the I. R. B. shall be the Gold Dollar (G$1=1/35 ounce of gold).

Any central bank or similar institution may take out **membership** but no country shall have more than one membership. Each member must make a minimum "permanent deposit" of G$5,000,000 and agree to the following:

(a) To forgo an interest return on its "permanent deposit" in the I. R. B.

(b) To renounce all claims upon its "permanent deposit" in the I. R. B. in the event it withdraws from the I. R. B. before the term of its membership has expired.

(b-1) However, should the I. R. B. be liquidated the above provision will not apply.

(c) To refrain—except with the consent of two-thirds of all votes entitled to be cast—from changing, or permitting to be changed, the gold value of its currency (beyond the customary range of fluctuations within the gold points).

(d) To refrain in dealing with other members, from direct or indirect exchange-manipulations such as foreign exchange "controls," multiple currency systems, capital export or import prohibitions (except embargoes on listing foreign securities), international clearings of the German type, and commodity import quotas of the French type.

The *management* of the I. R. B. is to be vested in a Board composed of a representative or representatives of the members. Each such representative or representatives shall have one vote for every G$5,000,000 deposited in the I.R.B. by the principal of such representative or representatives. Unless otherwise specified, all decisions are to be made by majority vote.

At least 50% of each member's "permanent deposit" is to be paid in gold. The balance may be paid in currency which is recognized as full legal tender within the jurisdiction of the country in which the member is located or in the jurisdiction of some other member. The balance may also be a deposit in a recognized bank whether or not located within the jurisdiction of the country of the member. However, the privilege of paying up to 50% of the "permanent deposit" in a form other than gold is to be subject to the following provisions:

(a) The member offering the deposit guarantees the "face value" in gold of such legal tender or bank balances;

(b) The "face value" of such means of payment is determined by agreement between individual members and the Board of the I.R.B. The decision will require two-thirds of all votes other than those of the country or countries concerned;

(c) If the means of payment consist of a country's currency not involved in the transaction, or of bank balances located in a country not involved in the transaction, such country's consent to the agreement must be obtained.

Unless a membership is renewed at the end of twenty years the "permanent deposit" will become due and payable. For this purpose, 75% of I. R. B.'s net earnings are to be paid over to the members, each member to receive an amount proportioned to the "permanent deposit" made by said member. The rest of the net earnings are to be used to build up a surplus.

The I. R. B. may acquire or utilize additional ("borrowed") *funds*, by the following methods; such funds, however, are not at any time to exceed 100% of the capital funds of the I. R. B. plus the total sum of "permanent deposits":

(a) Accepting time deposits of not less than three months maturity;

(b) "Borrowing" on the credit markets of members (with their individual consent) through the issuance of I. R. B. short-term paper of 3 to 12 months maturity;

(c) Issuing I. R. B. medium-term bonds (5 to 15 years maturity) fully guaranteed by one or several governments of member countries;

(d) Guaranteeing medium-term obligations of members, or of institutions within the jurisdiction of the governments represented.

In case of liquidation of the I. R. B., its liabilities by "borrowing" (including those incurred by its own guarantee) shall be a prior lien upon all assets of the I. R. B., excepting the assets of the Clearing Fund.

The I. R. B. is to maintain at all times a **gold reserve** of at least 10% of its liabilities maturing within a year. Other outstanding obligations, direct and guaranteed, maturing in more than a year's time are to be serviced by an amortization fund, that shall consist of gold, the amount of gold being proportioned to the number of years of the obligations' maturity.

* * *

The I. R. B. may only **lend** to members, and with their consent to financial institutions within their respective countries. Each lending operation shall require the affirmative vote of two-thirds of all votes, excluding those of the "borrowing" party. If the purpose of the lending is to finance transactions between several countries, each of them to be regarded as a "borrower," a borrower shall not be entitled to vote at those times when he is an interested party.

The borrowing member or institution is obligated to keep its own lending rate at all times at least 1% over and above the rate at which it borrows from the I. R. B. or makes use of the latter's guarantee.

The I. R. B. cannot lend to any single country in excess of 20% of I. R. B.'s capital plus "permanent deposits."

* * *

Short-term lending, for not more than one year, is restricted to rediscount credits to members. If the amount borrowed is in excess of the member's permanent deposit, collateral has to be deposited preferably in the form of foreign securities or foreign properties held by the borrowing member. The interest charge on such lending operations up to the amount of the borrower's permanent deposit must be at least one-half of 1% higher than the rate at which the I. R. B. itself actually borrows or presumably would be able to borrow for a similar period; the lending rate must be at least 1% above the I. R. B.'s own actual or potential borrowing rate if the amount lent is in excess of the borrower's permanent deposit.

Short-term loans may be renewed, but members are not expected to be short-term debtors of the I. R. B. in more than two consecutive calendar years.

* * *

I. R. B. **intermediate credits**, for not more than 15 years, presuppose a thorough investigation by a Committee of the Board, on which the "borrower" is not represented, to advise about the purpose and desirability of the credit; its availability from other sources; repayment prospects without renewed borrowing from the I. R. B.; the legal status of a creditor in the borrowing country; the possibility of supporting the credit by special collateral, pledges, guarantees, etc.; the policies such as the balancing of the national budget, regulation of currency, and the like, which the borrower may be asked to adopt to regulate his economy; terms of the loan.

The findings of the Committee are to be published at least one month in advance of the granting of the credit, so as to provide opportunity for public discussion.

The credit may be granted in the form of a direct loan, or of a guarantee of the borrower's bonds by the I. R. B. alone or in conjunction with the guarantee provided by one or several member-governments. The terms of the credit may require the deposit by the borrower of specified collateral, or the pledging of specified sources of revenue.

* * *

I. R. B. intermdeiate credits may serve:

(a) To liquidate debts owed by the borrower to other members;

(b) To finance specified international transactions, such as the purchase or sale of inventories in foreign countries;

(c) To stabilize the gold or foreign exchange value of the borrower's currency.

In so far as the loan serves the last purpose (exchange stabilization), the funds lent by the I. R. B. remain under its direct control, to be utilized under its own management such as by the purchase and sale of currencies and internationally marketable credit instruments, including dealings in exchange "futures."

The intermediate "borrower" is to accept the following obligations in addition to those mentioned above:

(1) To forego the use of the credit for any other purpose but the one for which it has been specifically provided.

(2) To limit the combined volume of outstanding legal currency and central bank credit (other than currency) in the "borrowing" country to the amount outstanding at the time of the granting of the credit.

(3) To eliminate the deficit, if any, in the national budget, or else to finance it by the sale of long-term bonds, which are not to be eligible to banking institutions of the borrowing country either for investment or to collateralize loans.

Intermediate credits of the I. R. B. are to carry an interest charge which is at least 1% higher than the last ten years' average rate on long-term government bonds of the borrowing country. But in no event shall the interest rate be less than 3%, plus an annual amortization rate rising from year to year, so that in the year before the loan matures, the balance of the loan shall amount to not more than 50% of the original amount of the loan.

* * *

International Clearings by the I. R. B. are to be organized separately in a "Clearing Fund," but managed by the I. R. B. Board. Participation in the fund is open to all members of the I. R. B., and to financial institutions. Interest is not to be paid on "clearing balances." Each participant is to deposit a minimum "clearing balance," the amount of which as well as a service charge is to be determined by the I. R. B. Board in proportion to the activity of the account.

The minimum "clearing balances," none of which may be less than G$500,000, are withdrawable on 60 days' notice; "clearing balances" beyond the minimum are sight liabilities of the I. R. B. Accordingly, the fund is to keep at least 50% of the minimum balances and 80% of those in excess of the minimum balances in gold; the rest in internationally marketable short-term paper with at least two signatures (one of them of a recognized bank) drawn in the currency of a gold standard country.

All assets of the I. R. B. Clearing Fund are to be used solely in connection with clearing transactions and are not to be used or pledged for any other purpose whatsoever.

Commentary

After the war, relief and lend-lease cannot continue indefintely; financial aid to countries with a "distressed" balance of payments will have to be organized to enable and induce them to bring their houses in order. But this can be accomplished only if the "rich" are willing to make reasonable sacrifices for the benefit of restoring international equilibrium. With these two thoughts in mind, the U. S. might contribute something like $2,000,000,000 as an interest-free, long-term "deposit." It is likely that short of unexpected occurrences the U. S. as well as a number of other countries with a "favorable" balance of payments (or with surplus gold reserves), will be able to keep long-term balances with the I. R. B. A number of members may shift back and forth between the creditor and debtor position. At any rate, the entrance of the U. S. into the Bank, and the pressure exerted by the provision that no discriminatory monetary policies are permissible among members (but permissible against non-members) should induce every important country to participate. It is most desirable that membership in the International Bank be as comprehensive as possible to avoid monetary warfare and its disastrous consequences to prosperity and peace.

Indeed, the main objective is not so much to rescue individual currencies, but rather to bring about and maintain all-round stabilization, at least so far as the important trading nations are concerned. Credits **per se** could not accomplish this objective. We should avoid the repetition of the international credit policies which in the 1920s helped to create a "false prosperity" and led to a general breakdown. It is with this objective in mind that the members are asked to accept the obligation of restoring stable monetary conditions, eliminating discriminatory monetary policies directed against one another. Without some such provision of stability, all international credit action may prove futile, because its effects on restoring the distressed countries' balance of payments may soon be offset by discriminatory manipulations on the part of other countries. On the other hand, this provision does not imply more interference with the freedom of action of each country than was customary previous to 1931, when such methods as the devaluation of one's own currency were regarded as a punishment rather than as a privilege. It leaves to each member country the choice of the tariff system, and of tariff rates, and merely asks its consent to refrain from the arbitrary use of practices which were frowned upon until recently by the civilized nations of the Occident as detrimental to the perpetrators and unfair to others.

The Bank is to function in a business-like fashion. Its organization is based on the principle of allocating managerial power in accordance with the amount of risk capital invested. It may also attract "preferred" capital (without voting power) by borrowing. The Plan limits the amount that the bank may borrow, to avoid the danger of over-expansion, and obligates it for the same reason to maintain a reasonable liquidity reserve (in gold).

Further limitations against over-expansion are offered by the provisions of quantitative and qualitative control over the bank's lending operations. The total amount of credit as well as the amount extende[illegible] individual borrowing [illegible] be limited. More [illegible] the insistence of the plan upon business-like terms of each credit contract. The underlying idea is to direct the bank's credit policy so as to put pressure on the borrowers and to give them an inducement to liquidate their debts at the earliest opportunity.

This objective is served, in particular, by the provisions of the plan about interest and amortization rates charged to the bank's borrowers, and about those they in turn charge to their clients. The purpose is not only to put a premium on early debt-repayment, at the same time securing the liquidation of the bank's own obligations, but also to create an interest-rate-differential, which is imperative if the free flow of private capital from countries with a surplus in the balance of payments to those with an unfavorable balance should be resumed. Moreover, a higher rate of interest—and only a moderately higher one is suggested—is likely to have the effect of inducing greater economy in the public household of the borrower, and to strengthen its export position by a moderate "deflationary" impact on costs.

The same aims are served by the condition that the borrowers bring their national budgets in order. Neither this obligation nor the previous one (to raise interest rates) is intended to cause violent deflations. The prime purpose is merely to stop inflation in the borrowing country, as indicated by the prohibition against its issuing more legal tender and central bank money. As to balancing the borrowers' budgets, it should be brought about as a matter of ultimate financial reconstruction. But the plan foresees that this reconstruction may take a fairly long time, and suggests in the meantime that it may suffice to reduce the deficit to proportions which are absorbed by genuine savings. The provision that the borrower's budgetary deficit has to be limited to the equivalent of the proceeds of "non-bankable" long-term loans (volutary or forced), should fulfill this condition, namely, to avoid further inflation, without putting undue deflationary pressure on the borrower.

* * *

One of the most urgent post-war financial problems is that of the so-called abnormal balances owed to foreigners. London, in particular, is burdened with short term liabilities of such magnitude that the withdrawal would many times exhaust the British gold reserve. The plan proposes two ways to mobilize and ultimately liquidate such "frozen" liabilities. The debtor country may borrow from the I. R. B. to repay part or all of its overhanging foreign obligations. Or (and) the creditor country may mobilize its "frozen" claims against the debtor country by using them as part of its own permanent deposit at the I. R. B. In the latter case , the creditor receives payment in 20 annual instalments, without interest, possibly at a reduction in the gold value of the claim. Which method is chosen and how much discount is deducted from the original (par) value of the claim, will depend on circumstances such as the total of short-term foreign liabilities burdening the debtor country, and the urgency of the creditor's claim for repayment.

* * *

Essential as it is to the functioning of the plan that it should operate in a "self-liquidating" fashion, no provision is made to enforce the repayment of the loans extended by the bank—for obvious reasons. But safeguards are to be erected, so far as possible, to avoid its breakdown. In addition to limiting the bank's credit expansion, as discussed above, the following safeguards against an unsound utilization of its credit are offered by the plan:

(1) In no credit given by the bank should the member concerned have a say, other than in an informative capacity. The acceptance of a country's claims against another country in lieu of gold is, of course, tantamount to a credit extended to both, and eliminates the voting power of both so far as that transaction is concerned.

(2) The bank is entitled to demand specific collateral from borrowing members, or the pledging of specific revenue sources to service the debt. Such conditions are likely to be more acceptable to debtors if the creditor is a "neutral" institution with international management than if one or several individual creditor-countries would impose them.

(3) Whenever feasible the loan is not paid out at once to the borrower. In particular, loans to stabilize the value of the borrower's currency should be left in the hands of the bank, a specially appointed Exchange Management Committee of which should be in charge of the borrowed funds.

* * *

The prime factor in determining success or failure of an attempt to establish a "preliminary" equilibrium in the international accounts of distressed countries is the willingness of the people of the United States to cooperate by risking a substantial amount of gold. But the cooperation of other countries, which may not be in any need of immediate support by foreign funds, is also essential; the surplus liquid resources (gold and foreign balances) of countries like India and Argentina, South Africa and Brazil, etc., should be mobilized **pro rata**. This will not only strengthen the resources of the international institution, but will also prevent it from becoming an overwhelmingly American enterprise.

There are two more considerations which make it imperative to extend the membership of the I. R. B. practically all over the world. One has been pointed out before: that comprehensive membership in an organization operating on the principles outlined in the foregoing plan is vitally important to avoid the repetition of monetary warfare. Secondly, it is important that countries should not become members only if and when they need credit. No industrial banking could operate if corporations would only appear as customers when they need funds, and would never put their surplus funds at the disposal of the bank from which they intend to borrow. Some provision might be necessary to restrict the right of countries to borrow from the I. R. B. unless they were members from the outset, or else have been members for a waiting period of, say, two years. Perhaps, this will be accomplished by the mere fact that most countries in a favorable gold position at present are creditors with balances which are or might become, frozen. The possibility of liquidating these balances through "depositing" them in the I. R. B. may prove sufficient inducement for countries which might be otherwise inclined to the fallacious policy of financial self-sufficiency.

Calendar of New Security Flotations

OFFERINGS

HOOVER COMPANY

Hoover Company has filed a registration statement for 20,206 new shares of 4½% preferred stock, cumulative, par value $100 per share, and 110,000 common shares, par value $5 per share. The common stock is issued and outstanding.

Address—North Canton, Ohio.

Business—Engaged in the manufacture and sale of vacuum cleaners. At present company is doing an extensive business in war products.

Underwriters — Smith, Barney & Co., Hornblower & Weeks and Field, Richards & Co. head the group of underwriters. Others will be named by amendment.

Offering—Company is offering 20,206 of its 4½% preferred shares, share for share, in exchange for a like number of its 6% preferred shares now outstanding. Exchange offer expires at 1 p.m. on the fourth day following the date of the prospectus after registration becomes effective. The underwriters have agreed to purchase any of the new preferred stock not exchanged which may be offered publicly at a price to be filed by amendment. The bankers also may purchase some of the new 4½% preferred shares from holders who received them in exchange for their 6% preferred. The common stock to be purchased from certain large stockholders also will be offered at a price to be filed by amendment.

Proceeds—The company will not receive any of the proceeds from the sale by holders of 4½% preferred and common stock to the underwriters which will go to the selling stockholders. Net cash proceeds received by the company for the 4½% preferred stock to be sold by the company to the underwriters will be applied, together with other funds of the company, to the redemption on a date not later than Oct. 1, 1943, of all unexchanged 6% preferred shares, at the redemption price of $100 per share plus accrued dividends.

Registration Statement No. 2-5185. Form S-1. (7-23-43).

Offered Aug. 12 by Smith, Barney & Co. and associates at $22.50 per share.

NORTHERN INDIANA PUBLIC SERVICE CO.

Northern Indiana Public Service Co. has filed a registration statement for $45,000,000 first mortgage bonds, Series C dated Aug. 1, 1943, due Aug. 1, 1973. Interest rate will be supplied by amendment.

Address—5265 Hohman Avenue, Hammond, Ind.

Business—Public utility operating company engaged principally in the production, manufacture, purchase, supply, transmission, distribution and sale of electrical energy, gas and water.

Underwriting—Company will offer the bonds for sale under the competitive bidding rule of the Commission. Names of underwriters will be supplied by post-effective amendment.

Offering—Price to be supplied by post-effective amendment.

Proceeds—Proceeds from sale of Series C bonds, exclusive of accrued interest, will be applied, together with other necessary funds of the company, for the redemption of $45,000,000 face amount of 3¾% bonds, Series A, due Aug. 1, 1969, at 106¼% of the face amount or $47,812,500. Interest to the date of redemption on the bonds to be redeemed, plus expenses of the company will be paid out of other funds of the company.

Registration Statement No. 2-5178. Form S-1. (7-8-1943).

Registration statement effective 4 p.m. EWT on July 27, 1943.

Bonds awarded Aug. 9 to Halsey, Stuart & Co., Inc. as 3⅛s at a price of 101.719.

Offered Aug. 12 by Halsey, Stuart & Co., Inc., and associates at 102⅞ and accrued interest.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

THURSDAY, AUG. 12

KANSAS-NEBRASKA NATURAL GAS CO., INC.

Kansas-Nebraska Natural Gas Co., Inc., has filed a registration statement for 12,500 shares of $5 cumulative preferred stock, without par value.

Address—Phillipsburg, Kan.

Business—Is an operating public utility company engaged in the purchase, primarily, of natural gas in the State of Kansas, and in its transmission and wholesale and retail distribution in the States of Kansas and Nebraska.

Underwriting — Underwriters are First Trust Co. of Lincoln, Neb., 5,625 shares; Beecraft, Cole & Co., Topeka, Kan., 2,250; Harold E. Wood & Co., St. Paul, 1,875; United Trust Co., Abilene, Kan., 1,500; Rauscher, Pierce & Co., Dallas, 625 and Bigelow-Webb, Inc., Minneapolis, 625 shares.

Offering—Offering price to public $105 per share plus accrued dividends.

Proceeds—of the net proceeds, estimated at $1,275,000, the retirement of the company's outstanding 9,824 shares of $6 cumulative preferred stock at $105 per share will require $1,031,520. All of the $6 preferred stock has been called for redemption on Sept. 15, 1943. Balance of net proceeds, estimated at $243,000, will be added to the company's working capital.

Registration Statement No. 2-5186. Form S-1. (7-24-43).

SUNDAY, AUG. 15

DWIGHT MANUFACTURING CO.

Dwight Manufacturing Co. has filed a registration statement for 83,514 shares of capital stock, par value $12.50 per share. All of the shares registered are now issued and outstanding.

Address—89 Franklin Street, Boston.

Business—Manufactures cotton goods.

Underwriting—Hemphill, Noyes & Co. heads the group of underwriters. Other names will be supplied by amendment.

Offering—Offering price to public will be supplied by amendment.

Proceeds—Of the shares registered 73,514 are to be sold to the underwriters by J. P. Morgan & Co., Inc., Henry Sturgis Morgan and Junius Spencer Morgan, as executors under the will of John Pierpont Morgan, while 10,000 are to be sold individually by Henry Sturgis Morgan to Hemphill, Noyes & Co., one of the underwriters. Proceeds will go to the selling stockholders.

Registration Statement No. 2-5187. Form S-2. (7-27-43).

MONDAY, AUG. 16

FINANCIAL INDUSTRIAL FUND, INC.

Financial Industrial Fund, Inc. has registered 300,000 fund shares.

Address—650 Seventeenth Street, Denver.

Business—Diversified investment fund.

Underwriters—None.

Offering—At market. Approximate date of proposed public offering Aug. 17, 1943.

Proceeds—For investment.

Registration Statement No. 2-5188. Form S-5. (7-28-43).

WEDNESDAY, AUG. 18

FEDERATED DEPARTMENT STORES, INC.

Federated Department Stores, Inc., has registered 224,470 shares of common stock without par value—assigned value $10 per share—50,000 warrants and 10,000 bearer scrip certificates. Of the total shares registered 123,161 and 51,309 previously registered by the company in connection with a proposed plan to issue shares for stocks of subsidiaries and upon exercise of warrants are deregistered in a post-effective amendment filed.

Address—c/o Corporation Trust Co., Wilmington, Del.

Business—A holding company owning directly or indirectly securities of corporation engaged generally in the operation of department and specialty stores.

Underwriting—There are no underwriters.

Offering—According to the prospectus of the securities registered 123,161 shares of common of Federated are to be offered in exchange for common stocks of Wm. Filene's Sons Co., Abraham & Straus, Inc., Bloomingdale Bros., Inc., and F. & R. Lazarus & Co., subsidiaries of Federated. As to 62,692 shares to be offered, Federated is to receive 156,730 shares of Filene's common, at a price per unit of 2.5 shares of Filene's common; as to 33,822 shares, Federated is to receive 16,911 shares of Abraham & Straus common, at a price per unit of 0.5 shares of A. & S. common; as to 22,742 shares, Federated is to receive 37,904 shares of Bloomingdale common, at a price per unit of 1.66⅔ shares of Bloomingdale common, and as to 3,905 shares, Federated is to receive 3,905 shares of Lazarus common at a price per unit of one share of Lazarus common. Also, of the securities registered 101,309 shares of Federated common are to be issued upon the exercise of 51,309 warrants outstanding and 50,000 warrants now being registered. The warrants have been issued or are proposed to be issued for the purchase of or conversion into common stock of Federated to certain executives of subsidiaries of Federated under the company's warrant plan.

Proceeds—In so far as net proceeds are received by Federated from the sale of securities registered, they will be added to the general working capital of the company.

Registration Statement No. 2-5190. Form A-2. (7-30-43).

(This list is incomplete this week.)

This announcement is not an offer to sell or a solicitation of an offer to buy these securities.
The offering is made only by the Prospectus.

$45,000,000

Northern Indiana Public Service Company

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Price 102⅞% and accrued interest

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"Our Reporter On Governments"

By S. F. PORTER

It's a funny thing, this talk about the tax-exempts. . . . The people worrying about the subject and spreading rumors which they fear may come true are bringing about exactly what they want least. . . . And that is conversation about removing the exemption. . . . And that is public knowledge of the situation. . . . And that is possible Congressional action on the matter because the conversation is going on and because the public is aware of the favoritism shown to banks who happen to hold the exempts. . . . This is straight and definitely accurate talk. . . . Without disclosing the source of these comments it may be said that they are completely representative of the opinion holders of exempts are most interested in knowing. . . .

To put it flatly and once and for all:

(1) Stop worrying about the possibility that the exemption on certain Government bonds may be eliminated by Congressional action or Treasury policy;

(2) Stop talking about the subject altogether;

(3) Ignore the unauthoritative and unwarranted gossip you may hear or read about a near-term change in the status of exempts;

(4) Don't let your judgment on purchase or holding of the exempt bonds be influenced by the gossip you hear now or by stories you may hear in the coming months when the "boys" have nothing else to talk or write about. . . .

This is "official". . . . And unless there's no basis for believing anybody any more—a most discouraging thought even to have for an instant—these few paragraphs may be accepted as "straight from on high". . . .

The key issue of the exempt list—namely, the 2¾s of 12/15/65/60—has now stabilized around 112 and slightly above. . . . The issue has been jumping all over the place, falling from 112.30 to 112.0, then rising back to 112.14 and declining to 112 again and now it's back to 112.3. . . . Indicating that 112 is the bottom, temporarily at least. . . . And indicating that unless the 112 bottom is broken, the bond is likely to rally along with the market for a while to any level buyers push it. . . .

"If the bond does break 112" says one dealer whose opinions have been remarkably accurate lately, "then it may sink down to the 111 point because the holders will be scared out". . . . "If it doesn't break, I'm buying them for a recovery if the market has any rallying power left in it at all". . . .

That's presented just for whatever it may be worth to you, assuming you've been bothered by the gyrations of this particular obligation. . . .

A DULL MARKET

As for the market generally, that too seems to have settled down for a bit. . . . Prices are holding near their lows on this move. . . . Trading has dwindled to a definite minimum. . . . According to the specialists, the market hasn't had any orders of size for some days. . . . Both buying and selling is on a small scale. . . .

But the 1½s are holding well around the 100.20 to 100.22 level. . . . The 2% issues are doing nicely too. . . . And the 2½s are down to a ¼ point premium which is low enough at this date. . . .

Of course the 2½s are depressed by the pending war loan drive. . . . It doesn't take any inside information to know that there'll be another multi-billion dollar issue of 2½s out within another four weeks. . . . So the longest issue of 2½s—due 1969/64—is now coming into some good competition from the next bond, slated for sale at par. . . . Thus the reaction in these from a high of 100.22 to the present price of 100.8. . . . Which is about as low as the bond can go for a while. . . .When the war loan drive actually gets under way, it may be that the 2½s will sink to a ⅛ premium or even down to a fraction over par. . . .

But this is to be expected and is exactly as it should be. . . .

Incidentally, knowing what the 2½s have been doing in the last year suggests that the smart trader can turn a few pretty pennies in playing the orthodox moves. . . . The bonds go down before a war loan drive. . . . Rally after the absorption process is completed. . . . Then sink when another war loan drive is on the way. . . . Then rally. . . . It's all in accordance with a pattern. . . .

And once you know the pattern, you can go on with your own policy from there. . . . Of course, the commercial banks can't play with these, so this is directed just at non-bank buyers. . . .

THE MONEY CURVE

Presented just for consideration. . . .

What about high-grades when peace comes? . . . What about the money curve, the long, long era of record-low interest rates? . . . And what about Government bonds when the war financing period finally reaches a peak and the need for rigid artificial control begins to taper off? . . .

We've been hearing a lot about this lately. . . . The stock market of course, has been under severe pressure as a result and stock prices have suffered one of their worst declines in two years. . . . High-grade bonds have been affected slightly, but not to anywhere near the same degree. . . .

But the rumors. . . . Those rumors of trouble to come. . . .

Here's one story. . . .

When peace comes and the realization that we may return to something like a normal economy hits the public, we may anticipate a reopening of the capital markets on a broad scale. . . .

The Investment Bankers Association's committee on financing, for instance, forecasts that post-war demands for capital through the medium of the securities marts may reach the staggering total of $5,000,000,000. . . . And the association hints that the amount may even exceed that figure. . . .

Surely, corporations will return to the market for new funds and for some refunding. . . .

Surely, the Government will find it has competition once again from private industry for investment funds . . .

And surely, investors will begin to look at other sections of the market outside of the U. S. Government list. . . .

Meaning? . . . Well, according to the group that holds this viewpoint is true, the long-term downtrend of money rates then will be reversed. . . . Short-term interest rates will harden first, long-term interest rates will follow later. . . .

And the prices of Government bonds will start descending. . . .

That's one story. . . .

Another holds that the Government will find the need for borrowing a continuing one and certainly, the need for refunding extremely significant. . . . And so the artificial control will continue for many years after hostilities cease. . . .

Meaning? . . . According to this group we may have some tightening of short-term rates but long-term rates will remain stable at these low levels for years to come. . .

And the Treasury and Federal Reserve will keep strong control over the market. . .

And prices of Government bonds will be kept under equally strong control. . . .

Think it over. . . . At this point, it seems silly to come to a one-two-three conclusion and it unquestionably would be impertinent to make any flat statements. . . . But the problem deserves mention and just thinking about it now is worthwhile. . . .

INSIDE THE MARKET

Federal Reserve hasn't been doing any selling of bonds recently. . . . This type of control hasn't been necessary. . . . The rise having been broken temporarily. . . .

Last of the Treasury's 91-day bills maturing on Wednesdays matured a few days ago. . . .From now on, discount bill issues mature on Thursdays, so that purchasers may have an extra day in which to make payment and congestion in market may be ended. . . .

Report that fourth war loan may come in December if third doesn't go exceedingly well is not given much credence among financiers. . . . Chances are third will go well—will be forced over the top—and Morgenthau probably will hold off on drive until after the Christmas gift season.

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Interesting Speculation

Adjustment Mortgage 5% Income Bonds due 1960 of the Third Avenue Transit Corporation appear to enjoy a unique "straddle" position in the market, offering interesting possibilities for speculative investment, according to a detailed circular prepared by Hardy & Company, 30 Broad St., New York City, members of the New York Stock Exchange. Copies of this interesting circular may be had upon request from Hardy & Co.

Attractive Situations

Blair F. Claybaugh & Co., 72 Wall Street, New York City, members of the Philadelphia Stock Exchange, have prepared interesting circulars on Ft. Dodge, Des Moines & Southern Railway (4s of 1991 and common), Utica & Mohawk Valley Railway (4½s of 1941), and Consolidated Dearborn (common), which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had upon request from Blair F. Claybaugh & Co.

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Morgenthau Silent On 'Invasion Money'

Secretary of the Treasury Morgenthau said on Aug. 5 that "for military reasons" he is unable to give details about Allied military currency.

"It will be explained in good time," Mr. Morgenthau said.

The Secretary had been asked at his press conference for comment on questions by Walter S. Spahr, Professor of Economics at New York University and Secretary of the Economists' National Committee on Monetary Policy. He said he had not seen Dr. Spahr's questions, but that the Treasury's recent announcement covered all details disclosable at present.

Dr. Spahr's queries on the invasion money appeared in our issue of Aug. 5, page 516.

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The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 158 Number 4202 New York, N. Y., Thursday, August 12, 1943 Price 60 Cents a Copy

The Financial Situation

Some little while ago Washington in its wisdom reached the conclusion that we as a people were imperiled by "complacency." It promptly set its propaganda machine in motion to repel this enemy of the war production effort. The hard fighting that had then just resulted in the great African victory was but a foretaste of what was to come. We had only just begun to fight, and as the conflict grew in intensity and magnitude immense quantities of materiel would be required. Any feeling on the part of the public that it could "let down" for a breathing spell would certainly cost lives, and might be disastrous. This and much more of the same sort came out of Washington, and from various public officials all over the country day and night until all of us were utterly weary of it. Then it was discovered that the war program was actually suffering from this much dreaded "complacence" against which the public had been warned ad nauseam.

Plane Production

During the past week or two the spotlight has been turned on the output of planes, which was found to be quite unsatisfactory, although it was not until really alarming reports had begun to circulate that actual facts were brought forth. Then it was explained that production in July had increased 5%, and that the production of heavy bombers, about which some of the most startling rumors were afloat, had increased 13%. With these definite figures came the explanation that the deficiency which has been so much in discussion was not in output compared with that of any other period on record either in this country or anywhere else in the world, but with production when compared with schedules which had been prepared in Washington and never made public. This manner of dealing with the public is, of course, of a piece with that which has been regularly employed by the Administration, and is scarcely well designed to be effective.

Real Causes

But a closer examination of the record discloses other matters which must be even more damaging to the effort to

(Continued on page 606)

Future Of "Small Businessmen"

Roger W. Babson Tells Them How To Succeed

GLOUCESTER, MASS.—I am again down here at my old home city for the day. I had lunch at a little store on Bass Avenue owned by an old school friend, Carl Crittenden. His case so well illustrates certain good opportunities and safe inflation hedges, for average people, that I want to tell his story.

Have Business Of Your Own

Carl was a poor boy, but of good habits and had no trouble getting a job when he finished school. His first work was driving a horse and waggon for Bickford the wholesale grocer. The pay was only seven dollars a week. Then Carl worked for a fish concern and finally became a clerk in a shoe store. He got married 30 years ago and started to raise a family. He saw, however, that he would never get anywhere clerking in a shoe store. He wanted a little business of his own.

Roger W. Babson

At first, he thought of starting a shoe store; but at that time the big shoe manufacturers were opening chain shoe stores of their own. Carl had sense enough to know that he could not compete with them. He, however, did believe he could make a go of a small combined grocery store and lunch room *provided he lived on the property* and provided his wife and family would help. To this they all agreed. They have stuck to their trade. In fact, his wife, who is a very attractive woman, served Mrs. Babson and me today.

How To Lick The Chains

It was fourteen years ago when Carl started this venture and it has been a real success. The store is still very small, but he has had a good living out of it and made enough more money to pay for the entire property and build up a real bank account. He doesn't sell very much during the hours that the big grocery super-markets are open; but after they close, he does a big business. He also

(Continued on page 609)

The News Behind The News

By PAUL MALLON

Paul Mallon

Harold Ickes, the multi-job Administration handyman, has sought to soothe all financial doubts about the war debt-ridden future we are coming into by writing a piece for a magazine saying this country is worth 12 trillions of dollars ($12,000,000,000,000).

"We are every one a Croesus!" he says (your share would be $88,888). The prospective Federal debt of $200,000,000,000 to $300,000,000,000 (now $145,000,000,000) he considered to be offset already by this great wealth.

Ickes' article demonstrates that he got his fabulous figure of 12 trillion dollars mainly by having his experts in the various mining branches of his Interior Department compute the amount of coal, iron, oil they think is still in the ground. All we have to do to realize it, he suggests, is to maintain "the freedom Americans have enjoyed."

By Ickes' calculations, Russia must be the richest nation in the world—five or ten times as rich as the United States. She has many times more resources of lumber, coal, oil—say 50 trillions of dollars (I am saying this without any experts, but probably just as authoritatively).

But we all know Russia is not the richest nation, that, idneed, she always has been poor and one of the backward nations.

Ickes has clearly miscalculated what is wealth. Even his 12 tril-

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Senator George Sees Post-War Government Control Expanding

Government responsibility in the economic field will increase rather than decline in the post-war period, Senator George (Dem., Ga.) said on Aug. 7 in a statement in "The Atlanta Journal."

Government control, he said, must "be exerted to correct the abuses in our highly complex economic system."

"In short, the private enterprise system is not an end, but back of it are people with privileges and rights to be preserved, and above all human values must be conserved," Senator George added, according to Associated Press Atlanta advices, which further said:

While the private enterprise system "has sometimes failed," he asserted, "that system is definitely on the spot again or will be when the war ends."

"If fairly constant employment cannot be provided, the American people will turn to Government, even though the mistakes, inadequacies or policies of Government are, ironically, responsible for the failure," he went on. "It is this turn which must be forestalled.

"By and large, the American people do not wish to see their government turned general employer. Public policies must be adopted and followed which will make possible not only the operation of the free enterprise system, but its constant expansion.

"We may find it necessary to make temporary provision for the men and women in the armed forces and services. This should be done now. If it is postponed, political groups and parties will vie with one another in trying to secure the soldier's support and vote."

He said that slow demobilization with wartime compensation continued might in part meet the immediate problem.

"The shallow, if not sinister, thought of the time is that with the end of the war the government must embark upon a program of public spending in order to avert widespread unemployment and economic crisis," he said.

Mr. George also said that he had seen the growth of "agencies, boards and commissions in the executive branch of government like a creeping paralysis sapping the rights and powers of the citizen over his business affairs," and that "bureaucracy must not kill the creative power, energy and fighting spirit of our people."

From Washington Ahead Of The News

By CARLISLE BARGERON

The significance of Leo Crowley's dismissal of Ballet Dancer Bodington from OEW has not been dwelt upon so far as we can see, but it was not lost upon the so-called Liberals. We can't recall since the New Deal came in that a Government official has acted so quickly to conform to the wishes of a committee of Congress. You can imagine what would have happened had Henry Wallace and Milo Perkins still been Bodington's superiors. What would have happened is just what is happening in the case of three employes who were turned up by the Dies Committee months ago as having Leftist tendencies and associations Their "Liberal" superiors promptly voiced confidence in them ridiculed the Dies committee and kept them on the payroll. After a bitter fight in Congress over the question of denying appropriations for their salaries a compromise was reached whereby the President was directed to submit their nominations to the Senate when it returns from its recess. In this way, the three men, in addition to the lengthy hearings they received before a House committee, would get a hearing before the appropriate Senate committee. The President has indicated, however, that he has no intention of submitting their nominations and is prepared to fight the matter out in the Courts. Crowley took the attitude that an employe in disfavor with a Congressional committee would prove embarassing to the OEW. Defiance of Congress by contemptuous bureaucrats has been the rule ever since the conflict between Congress and the executive branch appeared. They have vied with one another in hooting at the Dies committee. Regardless of what he may personally think of Martin Dies, Crowley recognized his committee as one that has been repeatedly supported by the House which is the agency most directly responsible to the American people and the one most responsive to them.

This sort of stuff on Crowley's part undoubtedly means the end to the charmed existence which he has enjoyed in the New Deal. He is a Wisconsin politician and banker, a bachelor who has kept to himself and a few intimate friends since copping off, early in the New Deal, the directorship of the Federal Deposit Insurance Corporation. It is seldom that a statement issues from his office, he has had no bright young men or press agents to go around and whisper stuff about him to the gossip columnists. When he makes a speech as he frequently has to, to financial groups, there are no catch the headline phrases about the four freedoms, the underpriviledged; no carping about monopolistic industry or cartels; very seldom, indeed, are there prepared copies of the speech for the press.

He is quiet and methodical in his habits and his work. He arrives at his office promptly at nine or a little before and he in-

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The Financial Situation

(Continued from first page)

keep the public keyed up to the greatest possible production. "Complacency," absenteeism, and various other factors implying shortcomings on the part of management or labor have been regularly brought forward as the cause of the disappointing showing that is said to have been recorded. Intentionally or not, the impression has been given that in the minds of the authorities such causes as these were responsible for most of the difficulty, which apparently was to be remedied by constant exhortation. This attitude has not even yet wholly disappeared from discussions of the subject, but circumstances have obliged at least some of the officials in close touch with the situation to admit that other factors not of the public's making are at the root of the trouble—a fact long suspected by observant members of the community.

Schedules

For one thing there is more or less official admission now that the schedules, which are not being met, were set without any really solid reason to consider them within the limits of reason. It is not disclosed whether schedules were purposely set higher than really expected accomplishment with the idea that they would prove more stimulating than more realistic quotas, or whether those who fixed them simply did not know what they were doing, but in either case the end result is not likely to be particularly good. It would be an excellent thing if the authorities could disabuse their minds of the apparent supposition that the "common man" is best dealt with as are children in kindergarten.

Design Changes

It furthermore now definitely appears that the rate of production, particularly perhaps of planes, has been retarded by unforseen changes in design, a familiar cause of reduced output. The authorities explain, doubtless with full warrant, that such changes are essential in order to meet the conditions encountered in actual combat. But however essential such things simply can not be accomplished without effect upon rate of production where mass production methods are employed. Furthermore, various changes in the relative quantities of the different kinds of equipment required have been made. Here again, doubtless, changes made were essential to the conduct of the war, but here again also production problems are created. Pressure is reduced on plants making one type of equipment in one area and increased so far as certain other plants in other areas are concerned. Quite apart from production facilities which may or may not be adequate to the added load at points where productions schedules have been been raised, manpower difficulties inevitably arise. It is well known that labor is not completely mobile in the sense that men who can suddenly be spared in, say, Detroit, can at once be transferred, say, to Seattle—even assuming that they have the skills necessary for the work now to be assigned to them. The tendency heretofore in evidence to keep knowledge of such factors from the public, or to make light of them, is unfortunate. Full and intelligent cooperation is not to be won in any such way.

The Draft

But apart from all such considerations, evidence is reasonably abundant that war production is now below what it might be, and that it may fall much more seriously behind what it might be, for reasons attributable to lack of intelligent, vigorous planning and proper coordination at the top. The most serious difficulty by which production is now faced is, more or less admittedly, manpower. Such problems in one degree of intensity or another are, of course, inevitable in total war of the sort we are now waging. It is, however, clear that in substantial part the difficulties which now confront us are greater than they need be, and that the cause is found in plain bungling almost from the very first. To the plain man of business it is still an open question whether there has not been blundering in the determination of the relative number of men in the armed forces, or scheduled shortly to join them, and the number of men assigned to supply those forces. This is ordinarily said to be a purely military problem. But is it? To be sure, the problem of determining maximum production with any given quantity of manpower is involved, and that is not quite purely a military problem. The question is simply whether so many men have been taken or are being taken for the armed services that there are not enough left to meet the production schedules which the military authorities insist are essential to keep these forces adequately supplied. The fact that admittedly these production schedules are in danger as a result of a shortage of manpower certainly raises the question of the wisdom of reducing industrial manpower to the point now reached or shortly to be reached.

For a good while past men, practical men, assigned the task of management in industry which must produce the supplies needed, have been warning that the selective service was robbing them of their men so rapidly, and so indiscriminately that production scheduled were imperiled. Some heed appears to have been taken of these warnings of late, but certainly current policies leave the same old question open. This very blunder is now admitted to have occurred in agriculture with the result that our food supply was so seriously threatened that measures had to be taken to remedy the situation. It is now reported that men are leaving war plants for the farms to take advantage of the preferred draft positions obtainable there. Meanwhile the burdens placed upon certain service industries, such as laundries by the draft, and upon retail distribution of food by the regulations now imposed, have so complicated the life of women who are asked to take the place of men in the factories that absenteeism is high and many women find it impossible to continue to work in the plants.

Here is a situation in which exhortation will help little. Neither will clever schemes by the "campus boys" avail. What is needed is the application of good hard common sense to the fundamentals—and there is no time to spare.

A Strange Argument

"Organized labor, determined to prevent for the duration of the war any stoppage of work, is faced with the ugly opinion of the Attorney General (interpreting the Smith-Connally Act as it relates to minority labor groups) which actually encourages stoppages of work. This is a very serious problem, created by the Attorney General through his interpretation.

"In the face of recent announcements of Mr. Nelson, Chairman of the WPB, and General Somervell, regarding the recent decrease of production of war materials, when all our efforts should be directed toward eliminating the possibility of discord of industry, we find the Attorney General, with a complete and total disregard of our nation's needs, issuing an opinion reflecting a complete sense of irresponsibility.

"I respectfully submit that the seriousness of the situation warrants the resubmission of the entire matter to the Attorney General and that an opportunity be afforded to organized labor to present to him the problems in the situation in the hope that an interpretation may be obtained more consistent with both the intent and desire of Congress and the war needs of the country."—Philip Murray.

We are not prepared to express an opinion upon the findings of the Attorney General, but the attitude of Mr. Murray appears decidedly strange to us.

Is the President of the CIO accusing Mr. Biddle of distorting the law of the land to serve some ulterior purpose?

If not, does he suppose that the Attorney General is at liberty (or has the authority) to permit his (or Mr. Murray's) notion of what the law ought to be to influence him in reaching a conclusion as to what the law actually is?

The State Of Trade

Business activity continues at high levels, with most of the heavy industries showing increases for the week. The retail trade continues to show appreciable gains over last year.

For the fourth consecutive week electric power production reached a new all-time high level. Output for the week ended July 31st, totaled 4,226,705,000 kilowatt hours, against 4,196,357,000 the week before, and 3,649,146,000 for the like 1942 week, according to the Edison Electric Institute.

Out put for the latest week was 15.8% higher than the comparable 1942 week, with California showing a 21.1% rise, mid-Atlantic area, 17.6% and Southern states and Rocky Mountain districts, 16 and 16.5% gains respectively.

Carloadings of revenue freight for the week ended July 31st, totaled 885,514 cars, accordings to the Association of American Railroads. This was an increase of 1,688 cars over the preceding week this year, 21,938 cars more than in the corresponding week in 1942 and 3,492 cars above the same period two years ago.

This total was 126.01% of average loadings for the corresponding week of the ten preceding years.

Steel operations this week are scheduled at 98.4% of capacity, compared with 98.3% in the previous week, an increase of 0.1%. A month ago the indicated rate was 97%, while it stood at 96.5% a year ago.

Current production, according to the American Iron & Steel Institute, is equivalent to an output of 1,704,000 net tons of ingots and castings against 1,702,000 tons in the preceding week, 1,679.700 tons a month ago, and 1,650,800 tons last year.

The domestic transportation industry will receive 1,380,000 tons of carbon steel in the fourth quarter of this year, compared with 1,200,000 tons in the third quarter, the Office of Defense Transportation announced.

The higher allotment for domestic transportation also will make possible the continued manufacture of new freight cars. Steel now becomes available for 9,500 cars in the fourth quarter, but most of these will not be completed until early next year. Previously steel had been alloted for 26,000 freight cars this year.

Civil engineering construction in continental U. S. totals $47,489,000 for the week. This, not including construction by military combat engineers, American contracts outside the country and shipbuilding, is 15% above the preceding week, but is 71% under the corresponding 1942 week, reports "Engineering News-Record."

Private construction is 2% above last week, and public gains 18% as a result of the 3% increase in state and municipal construction and the 19% climb in Federal volume. Private and public volumes, however, are 233 and 74% lower, respectively, than in the 1942 week.

Department store sales on a country-wide basis were up 11% for the week ended July 31st, compared with the like week a year ago, according to the Federal Reserve Board.

Store sales were up 13% for the four week period ended July 31st, compared with the same period last year.

Department stores sales in New York City were 4% lower in the August 7th week than in the corresponding period of last year, according to a preliminary estimate issued by the Federal Reserve Bank of New York.

In the previous week sales of New York City department stores were 11% higher than in the comparable week a year ago.

Retail volume remained steady this week with sales estimated at 8 to 12% above a year ago, according to Dun & Bradstreet, Inc.

Consumer interest was quiet, however, with high promotional activity failing to combat a between-season dullness. Warm, humid weather discouraged greater interest in fall lines. Summer merchandise such as lawn furniture sold well despite narrower varieties, according to the Bradstreet agency.

The nation's Class I steam railroads hauled nearly 38,500,000 paying customers in coaches during April, the Interstate Commerce Commission disclosed.

The revenue was $75,606,082, an increase of 142.2% over the like month of 1942, when coach riders paid $31,220,346.

The number of coach travelers increased 74.1% over the 22,000,000 carried in April of 1942, the ICC bureau of transport economics and statistics reported.

For the first four months of 1943 the nation's Class I railroads took in $269,491,409 from coach passengers, an increase of 146.8% over the like period of 1942. Sleeping and parlor car passengers paid in $180,151,212 or 63.7% more money for the luxury travel in the same month.

Brazil Allowed To Buy More U. S. Gold

Purchases of gold by Brazil from the United States were limited to $200,000,000 in an agreement recently concluded between the two countries as an extension of the gold purchasing agreement concluded in 1937, which allowed Brazil to purchase from the United States $50,000,000 worth of the metal during a five-year period.

In reporting this, a special cable to the New York "Times" from Rio de Janeiro, Aug. 4, further said:

"When that agreement expired in 1942, the figure was increased to $100,000,000 but two months ago purchases exceeded that amount and the limit was raised to $200,000,000.

"With the backing of Brazilian bullion reserves and foreign currency derived from the purchase of export drafts in addition to a favorable export balance, the international financial position of Brazil is held to be on a solid base.

"The principal reason for the fixing of the $200,000,000 limit is the large accumulation of dollars in the United States as a result of the favorable trade balance. Brazil converts the dollars into gold. The country needs more gold because last October a law was passed fixing a 25% gold guarantee for paper money emissions.

"The increase in Brazilian gold holders had been about $100,000,000 yearly, but this figure has been shattered in past six months with an increase of about $250,000,000. The rate of rise could go higher if the Banco do Brasil were to liquidate about 130,000,000 Argentinian pesos it now holds.

"While Brazil is in a healthy international financial condition, the domestic economy lags, mainly due to low wages and the rising cost of living which retards retail business, as workers use their wages mostly for the purchase of food. Recent statistics show 74% of all industrial workers receive less than 300 cruzeiros monthly."

Six Months Net Income Of 340 Industrial Cos. 14% Above 1942

Statements for the first half year issued to date by 340 industrial companies show a combined net income after tax and other reserves of approximately $617,000,000, an increase of 14% over the combined earnings of the same companies in the first half of 1942, according to the monthly letter of the National City Bank of New York, issued Aug. 4. This total, however, represents a decrease of 22% when compared with the first half of 1941.

The bank points out that "current earnings as given in the interim reports are subject to adjustment as a result of renegotiation, change or cancellation of government contracts, and subject also to year-end adjustments of tax and other reserves. The companies included in the survey had an aggregate capital and surplus of $14,735,000,000 at the beginning of this year, and are representative principally of the larger manufacturing organizations."

The bank's study continues:

"The increase in earnings of the group over a year ago accompanied a continued growth in volume of business by many companies, and a recovery by others whose volume was curtailed during the change-over to war work still in progress a year ago. Sales figures reported by 104 manufacturing companies totaled $7,961,000,000 in the first half year and were 38% higher than last year. Sales increased considerably more than did net income after taxes, indicating lower margins of average net earnings per dollar of sales. Profit margins were narrowed despite the lowering of costs through improved efficiency and greater mass production of war goods, to which most of the large corporations are now devoted in part or entirely.

"Separate earnings figures by quarters available for 281 companies show net income after taxes in the second quarter of $268,000,000, compared with $257,000,000 in the preceding quarter and $232,000,000 in the second quarter of 1942.

"Tax details given by 201 of the manufacturing companies show that net earnings before taxes increased in the first half year from $1,317,000,000 to $1,478,000,000 or 12%, while reserves for federal income and excess profits taxes rose from $932,000,000 to $1,036,000,000, or 11%. Such taxes took about 70% of the net earnings in both years.

"There were numerous instances, however, where the advance in labor and other costs was so large as to leave lower net earnings before taxes, and thus reduce the taxes payable to the Treasury, as well as the balance of net income available for corporate purposes and payment of dividends to shareholders. Out of 340 companies, 130 showed a decline in net income after taxes this year.

In its study, the bank also comments:

"The recovery in earnings which has taken place this year is already being made an argument for increased taxes upon business. The increased earnings in the early part of the year have been projected in certain semi-official studies and used as a basis for estimates that the earnings of all corporations for the full year 1943 may be from 12 to 16% higher than last year, after tax reserves at existing rates.

"Estimates of the full year's earnings made at this time, however, are subject to many qualifications. . . . Industrial operating costs are still advancing, and the question of future wage rates is a subject of violent controversy. The effects of contract renegotiation need to be considered, and many concerns are now experiencing cancellations of orders or requests for slow-down of deliveries."

Rayon Output At Record High In First Half Of 1943

Production of rayon yarn and staple fiber by American mills during the first half of 1943 amounted to 323,800,000 pounds states the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York. This total, the largest in the history of the rayon industry compares with production of 321,500,000 pounds reported for the second half of 1942.

In disclosing this on Aug. 6, the Bureau further stated:

"Rayon filament yarn production during the six months ended June, accounted for 245,100,000 pounds of the total output. This compares favorably with the output of 234,800,000 pounds for the same period in 1942 and the 218,200,000 pounds produced in the first half of 1941. Staple fiber production accounted for the balance of the total.

"For the quarter ended June 30, rayon filament yarn production totaled 123,600,000 pounds, an increase of 1.7% as compared with a total of 121,500,000 pounds reported for the March 31 quarter. Viscose cuprammonium yarn production in the June quarter attained an all-time high of 84,400,000 pounds or 5.8% higher than the 79,800,000 pounds reported for the first quarter Acetate yarn output totaled 39,200,000 pounds for the second quarter, a drop of 6% as compared with the first quarter.

"Rayon staple fiber production for the second quarter of the year totaled 39,800,000 pounds which represents an increase of 2.3% compared with first quarter output of 38,900,000 pounds."

Amberg Not Candidate For ABA Vice Pres.

At the request of Harold V. Amberg, Vice President and General Counsel of the First National Bank of Chicago, the Illinois Bankers Association has withdrawn his name as the nominee for the Vice Presidency of the American Bankers Association.

In his letter to Mr. George R. Boyles, President of the Illinois Bankers Association, Mr. Amberg stated: "Viewing all factors, there is no likelihood that the Nominating Committee, when it meets, will discard such a prospect as Randolph Burgess. 'Randy' is eminently well qualified and his long and worthwhile service to the Association entitles him to most favorable consideration. Moreover, it will have been a long time since a New Yorker will have been at the helm of the ABA. Incidentally, but not entirely beside the issue, he is a good friend of mine. I cannot see that it serves any useful purpose to further a 'contest' involving my name, when it is now apparent that at convention time circumstances will not fit the condition under which I have been or shall be willing that my name be submitted."

Nomination of Mr. Amberg was noted in our July 8 issue, page 108.

Mr. Burgess is Vice Chairman of the Board of the National City Bank of New York.

OCR Adopts Program To Provide Essentials For Civilian Population

The Office of Civilian Requirements has presented to the War Production Board a tentative program for the production of essential consumer goods necessary for the efficient functioning of the civilian economy, WPB Vice Chairman Arthur D. Whiteside announced on Aug 5.

The fact that certain essential articles will be produced does not mean that OCR intends, because of the critical materials required, to reopen substantial manufacture of many items formerly produced for civilians, Mr. Whiteside said in summarizing the first report of his office to WPB.

OCR recommendations now will go before the WPB Requirements Committee which will go over them, in conjunction with the general war program, to decide what materials can be spared.

"By wise use of about the same quantities of materials that have been made available for civilian production during recent months," Mr. Whiteside said, "essential civilian services and the production of essential civilian goods can be maintained. The needs of the war at present permit no other course.

"The civilians of this country realize that a continuing drop in the quantities of goods which formerly made up their standard of living must be expected during a total war and that every possible resource must be directed toward military victory. Our objective is to provide the essentials that will permit the civilian population to maintain itself in a sound and vigorous condition in order to produce at maximum efficiency for war."

To carry out that program, the OCR has adopted these policies, which have been approved by the Civilian Requirements Policy Committee:

1. "We must insure that all minimum essential civilian requirements are met and in addition that all national resources above that level, which cannot be employed effectively to meet our military and foreign policy needs are utilized to supply civilians. We do not advocate forcing the civilian population down to bare subsistence levels in the present military situation.

2. "Supplies for civilians will be considered to be at the minimum essential level for any product or service when further reduction would impair civilian health, morale or working efficiency or the national economic structure beyond what is justified by the prospective gain to the war through release of resources.

3. "Adequate repair parts, replacement parts and labor must be made available to maintain existing essential equipment in the hands of civilians in operating conditions.

4. "The distributive and service trades must be maintained to the extent necessary to make essential goods and services available to civilians when and where needed.

5. "The need of such groups as new families, infants and children, workers with special requirements and rapidly-growing communities will receive particular consideration.

6. "Damage to the basic economic and social structure will be avoided to the extent consistent to the prosecution of the war and the satisfaction of essential civilian requirements. Small business concerns will be utilized to the fullest extent practicable in the production and distribution of civilian goods and services.

7. "Every effort will be made to economize the use of resources and to conserve the goods now in civilian hands.

8. "Every sacrifice that the civilian population is called upon to make will be in furtherance of our war effort and no unnecessary sacrifices will be called for.

9. "Public information will be furnished promptly to enable the civilian population to understand the reasons for Government decisions limiting the supply of civilian goods and services."

Increased Revenues From Personal Incomes Imperative, Treasury Official Says

Ever-Widening Scope Of Income Tax Must Be Continued, Surrey Declares

Declaring that "the need for more taxes is imperative if we are intelligently to finance the war period," Stanley S. Surrey, Tax Legislative Counsel of the Treasury Department, stated on Aug. 2 that the increased revenues must be drawn from personal incomes.

In an address before a Town Hall meeting in Los Angeles, Mr. Surrey asserted that the "ever widening scope of the income tax must be continued—rates must be increased and exemptions in all likelihood must be lowered. Further resort to the personal income tax is simply using a direct approach to our difficulties. Paradoxical though it may seem, greatly expanded individual spending power is the crux of the problem, and the income tax offers the straightest course to the necessary reduction of that power."

Pointing to estimates that the national income in the present fiscal year will reach $150,000,000,000 against available consumer goods and services aggregating only $85,000,000,000, Mr. Surrey said that of the $65,000,000,000 spread, about $20,000,000,000 will be "immobilized by existing taxes," leaving $45,000,000,000 of "excess dollars." He further stated that the temptation of these billions must be removed, adding that the bulk of the job should be done by taxation, since lending too heavily on savings would be "to risk the burden of heavy interest charges in post-war years, and the danger of post-war inflaion."

Discussing possible sources of increased revenue, Mr. Surrey ruled out a "sales-tax" saying "its yield would be disappointing," its "burden on the lowest income families would be very heavy," and that a levy "with such an inflationary potential is hardly the weapon to fight inflation." He also stated that "corporation taxes are not the solution" since the present combined yield of the regular corporation tax and the excess profits tax comes to $14,000,000,000 and the "little more" that could be obtained from increased corporate taxes "is relatively insignificant."

As to personal income taxes, Mr. Surrey asserted:

"This emphasis on greatly increased individual taxes implies a severity, a sternness that may be disheartening. But once the picture is focused on the amount of individual income available for taxes instead of on the taxes alone, the capacity of the country to bear the increased load is evident. Remember again our record income of $150,000,000,000, and our limited supply of goods and services on which that income can be spent. Under such conditions, a tax increase of $10,000,000,000 would still leave an income after taxes between $10,000,000,000 and $15,000,000,000 higher than in 1942—and even an increase of $15,000,000,000 would leave us between $5,000,000,000 and $10,000,000,000 more than in 1942. Moreover, we must remember that we cannot bury our heads in the sand and believe that if the tax collector does not find us we are safe. For far more ruthless and relentless than the tax collector will be the inflationary whirlwind that will take his place. Where the tax collector would take his toll in a rational fashion and use it to defray war expenditures, the inflationary whirlwind will sweep away all the excess dollars on a devil-take-the-hindmost basis and send war expenditures to still higher levels as prices rise.

"In pushing our taxes to record levels to match the record-breaking rise in income, we must be careful, however, that those who do not conform to national averages are not dealt with unfairly. Taxpayers whose living and working conditions result in unusual expenditures not presently recognized by the tax law may be entitled to appropriate deductions. Those taxpayers who are meeting heavy commitments may require special consideration, especially if the committed income is directed to non-inflationary uses. Certain groups of taxpayers have not shared in the general increase in wages and income that the country as a whole has experienced, and their situation merits careful attention. Wartime taxes do not differ from other wartime measures—they are not capable of the delicate precision necessary to perfect equity. The need for prompt action and the limitations of administration blunt the edge of the tool. Our endeavor must be to recognize the hardshipes and injustices that may occur and within the limitations that govern attempt to alleviate them.

"The fiscal picture thus resolves itself into higher taxes, and savings, on the part of individuals. And when we are concerned with individuals we come back to pay-as-you-go. Previously, the use of the personal income tax as a wartime measure was seriously hindered by the lag in payment. All this has now been changed. No longer does the dead hand of a past income still control the tax payments of the present. Current income now measures the current tax outlay. The high income of a taxpayer provides the means to pay currently the high tax that accompanies it—the hardships of a low income are lessened by a currently lower tax liability. Taxpayers can plan their budgets and financial affairs with an intelligent appraisal of their tax obligations. With the burden of an overhanging tax debt removed, the deck is cleared for increased individual savings and investments in war bonds.

"What is true for each individual is true for the nation as a whole. Handicapped by the lag in tax payment, the income tax was becoming too sluggish to meet the serious problems of war finance. The impact of an increase in tax rates was felt too long after their change to have the necessary effect. Pay-as-you-go has remedied this. The objective of an immediate decrease of individual spending power can be directly achieved through an increase in the withholding rate and the rate applicable to the quarterly payments of estimated tax. At one stroke, the personal income tax has become an instrument extremely sensitive to proper timing, and thus a greatly strengthened weapon in the fight against inflation."

Allied Military Currency Introduced In Sicily By Treasury Department

Allied expeditionary forces, seeking to establish orderly relationships with the people of liberated Sicily, are introducing into its occupied areas an "Allied Military Currency," speaking a "Lira" language that will be understood by every Sicilian trader and consumer, the Treasury and War Departments announced in a joint statement on Aug. 2.

It may now be revealed that a distinctive currency, determined upon by British and American officials, was made in the Treasury's Bureau of Engraving and Printing. It was rushed to the scene of action by huge transport planes and is being used as the medium of exchange in that part of Italy that we now hold.

A part of its legend reads "Issued in Italy."

At the same time, it was revealed, a comparable series of postage stamps will be introduced into the areas under military administration.

The joint statement further explained:

"This is the first truly Allied venture into the field of military monetary expedients and an undertaking without precedent so far as the United States is concerned. The distinctive lira currency will be used in the payment of troops of all the Allied nations on Italian soil, and in payment by the procurement services for local supplies.

"Government officials said the undertaking is designed to give the occupied areas a currency in denominations and terms which they know.

"It provides an adequate circulating medium in sections where there may be a shortage of local currency because of confiscation or destruction by retreating enemy forces, or from other cause.

"It avoids complication of the monetary system which use of foreign currencies might cause.

"Previously, the United States forces in North Africa had used a regular 'back home' currency with a distinctive seal, while the British had used a 'military pound.' Now, authorities of the Allied Nations have worked out this cooperative use of a single medium of exchange. . . .

"The currency introduced into Sicily is in eight denominations from one to 1,000 lira. The smaller denominations are half the size of United States currency, and the larger denominations the same size. It is made by a lithograph process, since the time element and the size of the undertaking did not permit steel engraving.

"Except for the 'lira' designation, all the legend on the bills is in English. The 'Four Freedoms,' Freedom of Speech, Freedom of Religion, Freedom from Want, and Freedom from Fear, appear prominently on the reverse sides of all the notes. Ornate designs in pantograph, of a neutral nature, are used in the series, so that it might be adapted to the needs of troops in further assaults upon Hitler's European Fortress merely by overprinting the proper currency designations and name of country on the basic stock.

"Smaller notes, of one, two, five and ten lira bear a wheat field scene in brown on the face, with the denomination in the center. Blue, lavender green and black borders also identify the respective denominations. The words 'Allied Military Currency' appear on the upper margin of the face and in an ornate oval on the reverse side. The face also carries the legends, 'Series 1943,' 'Issued in Italy,' and a serial number. The Four Freedoms appear in the four corners of the note on the reverse side.

"For notes of 50, 100, 500, and 1,000 lira, borders and ornate design of the front are in blue, lavender, green and black, respectively, with the background on all four notes a pale blue. The denomination appears in each of the four corners on the face, and in an ornate shield in the center. The words 'Issued in Italy' appear in ovals at each end, and the words 'Allied Military Currency' at the bottom of the note. The face also carries the designation 'Series 1943,' and serial numbers.

"The reverse side of these larger notes is a subdued brown, with 'Allied Military Currency' appearing in a center shield, and the Four Freedoms in ovals at either side.

"The Allied Military Postage stamps are in denominations of 15 25, 30, 50, and 60 centesimi, and in 1, 2, 5 and 10 lira. They are all of the same design, distinguished by colors of the usual United States postage series. They bear a pantograph background, with white lettering, and the denomination in the center of the stamp, are perforated, and on a gummed paper. Both the stamp design and the overprint are put on in one operation on a two-color press."

Britain To Pay Costs Of Land Given U. S. For Air Bases

The State Department in Washington announced on Aug. 9 that the British Government had offered to assume the costs of compensating owners of private property involved in the establishment of American bases on Western Hemisphere sites acquired from Britain in the destroyers-for-bases deal of September, 1940.

In reporting this action, Associated Press advices further explained:

In the original agreement, providing for the transfer of fifty destroyers to Britain in return for ninety-nine year leases on bases in Newfoundland, Bermuda, the Bahamas, Jamaica, Antigua, St. Lucia, Trinidad and British Guiana, the United States undertook to compensate owners of private property for loss by expropriation or damage arising out of the establishment of the bases.

That was more than a year before the United States became an active belligerent and six months before the passage of the lend-lease act of March 11, 1941.

In taking over the costs of compensating private owners the British Government assumes the burden of paying for properties appraised at approximately $5,500,000.

"However," the State Department explains, the total cost to the British Government may be considerably in excess of this amount since, in addition to the actual value of the private property involved, it will also include, in many cases, the cost of moving and resettlement, awards to compensate land owners for temporary loss of business or earning power, legal fees and, in some cases, bonuses which were paid to induce the owners to vacate immediately properties urgently needed by this government in order to speed construction of the bases."

The announcement adds that the British Government's "generous offer . . . will, therefore, serve to make these bases stand out not only as effective weapons in time of war but also as tangible reminders at all times of the friendship and cooperation of the British Government."

The agreement was given in our issue of Sept. 7, 1940, page 1370.

Somervell Says Army Supply Schedules Are Behind—Wilson Urges Increased Output

At a meeting held on Aug. 3 at the Pennsylvania Hotel, New York City, sponsored by the Commerce and Industry Association of New York, Lieut. Gen. Brehon B. Somervell, Chief of the Army Service Forces, and Charles E. Wilson, Executive Vice Chairman of the War Production Board, discussed the present and future war production needs. About 1000 industrial executives and their staffs were present.

Neal Dow Becker, President of the Intertype Corp., and the Association's President, presided at the meeting.

Gen. Somervell said, "I wish I could say to you that our procurement for the Army was on schedule. Actually, we have fallen behind schedule to the extent of approximately $300,000,000 in the past three months. Only two-fifths of our program for 1943 was accomplished in the first half of the year, and three-fifths remains for completion. Monthly schedules must be increased throughout the year if our procurement plan is to be attained."

Mr. Wilson also stated that the "problem is serious." He added that "the first half of 1943 is gone. In that first half we accomplished just 43% of the job that was laid out for us to do in the whole year. To meet our goals, we must produce 30% more in that second half than we produced in the first half."

In his remarks, Gen. Somervell further stated:

"I realize that many factors are contributing to the difficulty being experienced in meeting production schedules. Shifts in production have been necessary to meet operational requirements. These shifts cause dislocations to industry and to labor. Cutbacks in specific types of munitions have been sharp. It is difficult for management and for labor to understand that we still need increased overall production at the same time that we are cutting back in some items. I cannot promise that the day of cutbacks has passed. War is not static. Operations in Europe will require different equipment from operations in North Africa. As we complete our initial equipment in guns and tanks, we must reduce the production of these items so that we may produce more operating supplies. We have large forces engaged in overseas theaters where there has been planned destruction of existing facilities. They will require huge quantities of operating supplies. Ports and port facilities, cargo handling equipment, heavy transport equipment, water supply equipment, petroleum supply equipment, construction materials, and many other items will be needed in increased measure. We are using all of the materials which can be made available to the Army. We must shift production within the available supply of materials to get those items needed for overseas operations. We promise to make every effort to minimize the effect of shifts of production on industry and labor. We have arranged for industry and labor to be notified well in advance of proposed cutbacks so that adjustments may be made over a period of time. The War Production Board and the War Manpower Commission are being advised of these shifts to arrange, when possible, for the immediate utilization of facilities and labor. However, we cannot let production dictate requirements. We must not hesitate to shift production when it is necessary to bring about an earlier conclusion of the war. . . .

"The lamentable fact is that we are not meeting our schedules. I personally must view this lag with alarm. May figures showed production 5½% below forecast. June showed no improvement. I have received the preliminary figures for the first 20 days of July and they indicate that July will be decidedly worse than last month. These preliminary figures have in the past reliably forecast the trend for the month.

"We must use every means at our command to counteract the causes of the letdown indicated by the cold figures.

"We must see that the nation understands that their military successes instead of offering a chance to relax actually quickened the tempo of our need for the materials of war. If the enemy begins to feel the impact of our blows they can have but one thought—can this crushing stream of men and weapons be sustained! If it is sustained with ever-increasing pressure of materials, where can he look to for hope. With every victory the need to turn on the power as never before will become more and more pressing."

Mr. Wilson, in the course of his talk, stated the folowing:

"We can't let up now. Early victory in this war requires long-range planning, rigorously applied in action. Each of us has a part in these long-range plans. We may not know what the palns are —in the very nature of things we can't expect to know. But we must realize that the things we are being called on to do now—today, tomorrow, this week—are vital to the long range plans with which we and our allies shall sweep Fascism from the face of this earth.

"There, gentlemen, to my way of thinking, lies the answer to the question, 'Do we really need to increase war production?' The answer is unqualified. We are obligated to increase production. There is no choice. We must do a better job than we have yet done. . . .

"The production schedules that America is working on now—the production schedules that are being met now—they are vital parts of our military strategy. The stuff that is coming down the assembly lines in your factories today has its place all marked out. Your sons and the sons of your friends will be going into action some time in the not distant future with the arms and equipment that are being made in your plants today. The time and place for that action have already been determined. The boys themselves are being trained and made ready. Production must not fall behind.

"If we fail in our undertakings, the military plans themselves may be thrown out of joint or delayed. That means a longer war. It means a harder, costlier victory. This call to increase war production is not for the purpose of keeping everybody pepped up. A life or death job is being done on the battle fronts. And we are not holding up our end of that job."

Rep. Culkin Dies

Representative Francis D. Culkin, a Republican member of Congress from New York since 1928, died on Aug. 4 at his home in Oswego, N. Y. He was 68 years old.

Mr. Culkin was a member of the House Rivers and Harbors Committee and was a strong supporter of the St. Lawrence River waterways project designed to open the Great Lakes to the sea. He fought consistently in Congress for legislation to improve the economic condition of the dairymen, a large number of whom were located in his Congressional District. Mr. Culkin was District Attorney of Oswego County from 1911 to 1921, and County Judge from 1921 to 1928.

From Washington

(Continued from first page)

sists that his subordinates be on time. If they want to get off for a particular purpose that is a different matter, he wants them for the sake of regularity to show up on time. If one of his subordinates holds a secretary or clerical worker after hours, he wants to know why the work could not be finished up during the regular hours. In many ways he is extremely generous to them, such, for example, as paying their way to the annual $100 party dinner. He neither smokes nor drinks, not even coffee. He is continually watching out for the welfare of the employes at the Mayflower Hotel where he lives alone. He is one of Washington's most fastidious and immaculate dressers. Invariably he wears either a business blue or a business gray suit, in all of which he has 25 suits. When he returns to Madison, Wis., for a visit he loads up on carefully selected presents for the children of his brothers and sisters. He is the oldest son of the family and his formal schooling was limited to the graded schools.

In his quiet way he gets what he wants. Henry Morgenthau very much wanted the alien property custodianship. Crowley whose name never figured in the speculation about it, grabbed it off. In importance he has rated along with Morgenthau and Jesse Jones, but outside of financial circles few persons have ever heard of him. When friends of Jack Garner were trying to get the Wisconsin delegation for him in 1940, Crowley effectively sewed it up for Roosevelt.

The New Dealers are already at work on him. They are working hard with the fact that he receives $75,000 a year as head of Standard Gas and Electric. He insisted on holding onto this when he took over the alien property custodianship and he intends to hang onto it now. He receives no salary for any one of his three government jobs. The fact is, however, that he has been receiving this salary from Standard Gas while giving most of his service, to say the least, to the Government for several years now, and it was the New Dealers who brought about this set-up in the first place. It was the price paid for Standard to get out from under the SEC's noose and undoubtedly Victor Emmanuel, who in a few years has gone places also in the aviation industry, figured it was well worth it.

G. Evans Joins Urban Land Institute Board

Appointment of George E. Evans, civic leader and member of the City Council of Pittsburgh, as a Trustee of the Urban Land Institute has been announced by Hugh Potter, President of the group.

Mr. Evans has been prominent in Pittsburgh and Pennsylvania affairs for many years. He is Chairman of the Pittsburgh Housing Authority, and has served on the City Council since 1935. Among the many posts held by Mr. Evans are Chairman of the Pennsylvania State Board of Housing; Building Commissioner of Pittsburgh; Chairman, Carnegie Free Library of Allegheny, and member of a number of boards, including Carnegie Institute of Technology, Carnegie Museum, Buhl Planetarium, National Association of Housing Officials, the Pittsburgh Chamber of Commerce, and various civic organizations of Pittsburgh. He is a member of the Pittsburgh Real Estate Board.

The Urban Land Institute is a national organization devoted to the redevelopment of cities and the promotion of good city planning.

War Housing Built In First Half Of 1943 Increased 57% Over Previous Six Months

Construction of 50,500 housing units for war workers was completed during June, National Housing Administrator John B. Blandford, Jr., announced on Aug. 7.

This carried total completions of war housing during the first half of 1943 to 281,500 units, an increase of 57% over the preceding six months when 179,248 units were completed, Mr. Blandford said.

Construction was started on approximately 28,700 units in June, bringing the total for the first half of the year to 245,900 units. This compared with 248,435 units started during the last six months of 1942. On June 30, a total of 277,000 war housing accommodations of all types was under construction.

These totals included both privately financed and publicly financed war housing built under local quotas established by the National Agency on the basis of labor migration data supplied by the War Manpower Commission. To save critical materials, new housing is authorized only in localities where the Manpower Commission finds that in-migration of labor is essential to the war effort and then only to the extent that the incoming workers cannot be accommodated in existing housing or through conversions.

The agency's announcement further explained:

"In the privately financed phase of the program, construction of 13,000 family dwelling units was completed during June and 15,700 additional units were started. In the first half of the year, private builders completed 71,300 family units and started 73,500, while 80,495 were under construction on June 30. In the last six months of 1942, a total of 89,750 privately financed units was completed and 88,890 were started.

"The privately financed units started during the first half of 1943 represented 86% of the 85,700 dwelling units which the Bureau of Labor Statistics estimated were started by private builders in all non-farm areas between Jan. 1 and June 30. The balance of the units started represented either small houses having a cost of less than $200 a unit, which therefore did not require priority assistance, or non-war housing for which permission to build was granted in order to provide replacements for units destroyed by fire, wind, or floods, or to provide new accommodations in extreme hardship cases.

"By June 30, a total of 242,600 privately financed family units had been completed under NHA local quotas and with WPB priorities assistance in purchase of necessary materials. These were in addition to a considerable volume of private units serving war housing needs which were built in critical areas without priorities assistance during the earlier phase of the war production program.

"Under NHA policies, privately financed construction is scheduled if the need is for family units for which a post-war demand is reasonably likely and if the private builders can meet necessary wartime restrictions. More than 85% of private war housing is financed under mortgage insurance written by the Federal Housing Administration, one of the operating units of the NHA.

"Under the publicly financed phase of the program, which now consists almost exclusively of temporary construction, a total of 37,600 units were completed in June and approximately 13,000 more were put under construction during the month.

"In the first half of the year, 210,200 publicly financed units were completed, including 129.200 family units, 66.100 dormitory units, and 13,800 trailers, as well as 1.100 family units converted by the Home Owners' Loan Corporation. In the same period, 172.400 units were put under construction, including 115,700 family units, 31,000 dormitory units, 16,700 trailers and 9,000 family units in HOLC conversions.

"In the last six months of 1942, a total of 89,498 publicly financed war housing units of all types were completed and 159,545 were started.

"Since July 1, 1940, a total of 428,809 publicly financed war housing units have been completed, including 295,643 family dwellings, 105,429 dormitory units, 26,616 trailers, and 1,121 converted family units. On June 30, 196,500 units of all types were in various phases of construction.

"These figures cover all war housing financed by Government funds. The great majority of such construction is assigned to the Federal Public Housing Authority, another operating unit of NHA."

Post-War Repeal Of Excess Profits Tax Favored By George

Repeal of the excess profits tax law immediately after the war in order to encourage new ventures and stimulate private enterprise was proposed on Aug. 5 by Senator George (Dem., Ga.), Chairman of the Senate Finance Committee.

Senator George expressed his views in a letter to Colin F. Stam, chief of the Joint Congressional Committee on Internal Revenue Taxation, while discussing methods for simplification of the Federal tax structure.

"I believe," he wrote, according to the Associated Press, "that the first step toward simplifying which should be undertaken . . . is to make the income tax law more simple and understandable. . . .

"I believe that emphasis should first be directed toward the income tax rather than the excess profits tax, as I hope the excess profits tax can be repealed immediately after the termination of the war, in order to encourage new ventures and stimulate private enterprise."

Mexican Debt Plan Is Now In Operation

Eduardo Suarez, Finance Minister of Mexico, and Thomas W. Lamont, Chairman of the International Committee of Bankers on Mexico, formally announced on Aug. 2 receipt of advice from the fiscal agent that in excess of 20% of the aggregate original dollar face amount of Mexican Government external obligations listed in the agreement dated Nov. 5, 1942 between the United Mexican States and The International Committee of Bankers of Mexico (providing for the resumption of service on the Mexican External Public Debt upon a modified basis), have accepted the offer of the Mexican Government by presenting their bonds for stamping. In accordance with subdivision 7 of Article V thereof the agreement has been declared operative by the Mexican Government.

Bondholders may present their bonds for stamping at the Pan American Trust Company, 70 Wall Street, New York, fiscal agent for the Mexican Government in the United States under this agreement.

The resumption of the debt payments was reported in our issue of July 22, page 305.

Future Of "Small Businessmen"

(Continued from first page)

has an exhibit of curios in his store which attracts many people.

Most of my boyhood Gloucester friends are complaining about the labor unions, but Carl is not. The more these unions reduce the hours that the chain stores can be open, the better Carl likes it! The higher the wages the chains are compelled to pay, the more profits there are for Carl's family because he can get higher prices for his goods while his expenses remain fixed.

Live With Your Business

But here is the point I want to drive home to readers. *Carl lives over his store.* He owns only one piece of property and this serves him both for a home and place of business. He follows the custom so prevalent in Europe where even the bankers live over their banks; the lawyers live over their offices; and the owners of great department stores live adjoining their business property. Now, I make a forecast which readers should remember:

The small merchant who lives in the restricted residential section and has no help from his family and must drive every day to his place of business may be doomed. It may continually be harder for him to maintain both places and compete with the chains and "big business." He is handicapped in many ways. The small businessman, however, *who lives with his store, factory or office has a real future. He cannot by licked by New Deals or Old Deals or Labor Unions or anything else provided he has a good wife and will keep out of debt.*

Many Opportunities Open

As I go around the city here I see many vacant small stores in office buildings. These probably must be rented to the chains. I, however, see some houses in the business section where a family could live on the second floor and have a good little business on the street floor. It could be a small store of some kind, or a lunch room, or repair shop, or beauty parlor, or even an insurance and real estate office. I know a man who has done very well selling bicycles and making keys at his home; another who has raised a large family repairing watches.

There are many lines in which small businessmen are making real successes with businesses of their own. They have no fear of chain stores. Labor laws do not bother them. They can be open at all hours. They have no "overhead" which causes the death of so many business concerns. Their families are brought up to work. Furthermore, they are the families which will save democracy, *the existence of which depends upon a majority of the people continuing to own their own means of support.*

Profits Come From Savings

This is no criticism of the chains. I believe in them and have considerable of my own money invested in them as a hedge against inflation. There is a field for both chain stores and small independent stores—the same as there is a field for both big stock insurance companies and small mutual companies. I believe in both and want to help both.

To make a success, the small businessman must forget trying to be a "big" man. He should live over, or adjoining, his place of business so he can "make a dollar" at whatever hour the opportunity comes. Also, so he can train his family to be real helpers and amount to something. By so doing, they can save more and enjoy more than their so-called "rich" neighbors.

Importance Of Good Signs

Just one suggestion to those who already have such a small business. *Spend more money on your "front" and especially on your sign.* However humble you start, you can have as well painted a front and as attractive a sign as can the biggest and richest chain in the nation. Here's something to think over.

Treasury Seeks To Simplify Tax Laws — Also Studying Revision Of Estate & Gift Taxes

The Treasury Department is studying the possible revision of the tax laws in an effort to simplify administration and to reduce the paperwork of taxpayers, it was announced on Aug. 4.

The Treasury also is inaugurating an extensive study of the Federal estate and gift taxes. The Treasury's study into tax law simplification is to be in charge of John M. Maguire, member of the law firm of Hale & Dorr, Boston, and on the staff of the Harvard University Law School, who has been appointed consulting expert to the Treasury Department.

Mr. Maguire estimated on Aug. 9 that it will take from 10 to 15 years to simplify the many ramifications of the income tax laws.

In United Press Boston advices, he was reported as saying the income tax laws now were too complicated for millions of individual income tax payers as well as for corporations.

"The rise of a multi-billion government in the past 30 years," Mr. Maguire said, "has resulted in a stupendous internal revenue code. Many of its statutes are inconsistent and have caused unnecessary friction between the taxpayers and the Department."

The Treasury announcement stated that the Department has been concerned over the increasing complexities growing out of the various accumulating tax laws and has given considerable thought to the matter of simplifying them. "Members of the Congressional tax committees have also been considering the matter and have indicated a desire to see steps taken to rectify this situation," it said.

In connection with the estate and gift tax study the Treasury referred to the fact that recent developments in this field have produced a "very confusing situation in so far as the application of the taxes in specific cases is concerned and the relation of these taxes to each other and to the income tax.

"This confusion," it was said, "makes it difficult for taxpayers to plan their affairs and for the Government effectively to administer the taxes. Consequently, for the benefit of both taxpayers and the Government a re-examination of these taxes is necessary. There will be special emphasis upon the most appropriate methods of levying and collecting these taxes, particularly the possibility of coordinating or integrating the two levies and thereby placing tax incidence upon a sounder basis.

"The project will be very broad in scope, including such subjects as rates and exemptions, simplification of the rate structure, the avoidance of tax for several generations through trust settlements, and the relation of the estate and gift taxes to the income tax and to local death taxes. This survey will be carried on by the Treasury in cooperation with an advisory committee of prominent tax attorneys who are experts in the field of estate and gift taxation. It is believed that the study will prove very helpful to Congress in considering further legislation which would eliminate loopholes, inequities and other defects disclosed by the study."

The members of the advisory committee are Jesse R. Fillman of Philadelphia, who is Chairman of a special committee on correlation of Federal income, estate and gift taxes of the tax section of the American Bar Association; Professor Erwin N. Griswold of the Harvard University Law School, who is a member of the same committee; Laurence E. Green of Boston, Chairman of the Federal estate and gift tax committee of the tax section of the American Bar Association; Harry J. Rudick of New York City, Chairman of the tax committee of the New York City Bar Association, and George Bowden of Chicago.

FHA Meeting Operating Expenses And Increasing Insurance Reserves

In addition to meeting all current operating expenses, the Federal Housing Administration is paying substantial sums into its various insurance reserves as protection against the possibility of future losses, FHA Commissioner Abner H. Ferguson declared on Aug. 7.

During the fiscal year ending June 30, 1943, the FHA's income, derived from mortgage insurance premiums, appraisal fees, and interest on investments, amounted to $25,847,784. Charged against this figure were operating expenses amounting to $11,142,840. The balance, totaling $14,704,944, was deposited to the various insurance funds.

On June 30, 1943, the net assets of the FHA mortgage insurance funds amounted to $66,639,300, of which $15,000,000 had been authorized by Congress. The balance has been accumulated from income.

The announcement further stated:

"Since its establishment in June 1934, following the passage of the National Housing Act, the FHA has written insurance on mortgages totaling $5,017,324,765, to finance the construction and purchase of 1,127,224 small homes. Of this total, 127,104 mortgages, amounting to $518,804,608, have financed one to four-family homes insured under Section 603 of the war housing amendments to the National Housing Act, to provide housing accommodations for war industry workers.

"In addition to this volume of insurance on small home properties, 472 large-scale rental housing projects financed with mortgages totaling $186,372,706 have been insured by the FHA under Sections 207 and 608 of the Housing Act. Of this number, 116 are being financed under Section 608, and will provide 10,438 dwelling units for war-worker families. The insured mortgages on these Section 608 projects amount to $40,584,500.

"Of the 1,127,224 small home properties financed with FHA-insured mortgages, 4,404 properties covered by mortgages amounting to $19,347,570 have been turned over to the Commissioner following foreclosure proceedings and the payment of debentures to the mortgage lending institutions. Of the properties acquired by the FHA through foreclosure, only 356 with mortgages totaling $1,417,980 are now being held by the Commissioner, the balance having been sold.

"During the fiscal year ending June 30, 1943, more than 45.300 FHA-insured mortgages, totaling over $198,575,000 were paid off in full in advance of maturity, and without refinancing. This is an increase of 97% over the previous fiscal year, when approximately 24,200 insured mortgages amounting to $104,396,000 were prepaid."

Pre-War Fathers To Be Deferred Pending Draft Of Others In National Pool

Calls upon States and local boards for men for the armed forces will be adjusted so that in so far as possible, the drafting of fathers with children born before Sept. 15, 1942, will begin at approximately the same time throughout the Nation, the Selective Service Bureau of the War Manpower Commission announced on Aug. 6.

In furtherance of this plan, Selective Service has sent the following telegram to its State Directors:

"National Headquarters reiterates its policy that every administrative action wil be taken so that all States and local boards will have exhausted the supply of available men other than fathers at the same time.

"Adjustments in State calls will be made by National Headquarters so that all States so far as possible will begin to deliver fathers to fill calls at the same time.

"States which appear to be out of line based upon figures furnished to National Headquarters, and local boards which appear to be out of line based upon figures furnished to State Headquarters, will receive adjustments of their calls so as to bring them into line. Such adjustments will be made without regard to the possibility that some States or local boards may temporarily furnish more than their share of men to the armed forces.

"Until National Headquarters evaluates the figures furnished it by the States and allocates calls received from the armed forces, the time when fathers will be forwarded for induction by any state or local board cannot be accurately predicted."

Paul V. McNutt, Chairman of the WMC, had announced on Aug. 2 that Selective Service local boards are being instructed to begin the reclassification of fathers, 18 to 37 years old, inclusive, with children born before Sept. 15, 1942, so as to make them available by order number for induction into the armed forces after Oct. 1.

Mr. McNutt explained this decision as follows:

"Despite recent military successes, the efforts of the armed forces and war production to exert increasing pressure on the enemy must not be relaxed. They must be given the increases in manpower that are necessary to meet their requirements. We have reached the point at which we cannot supply the men needed by the Army, Navy, Marine Corps, and Coast Guard and keep war production adequately manned except by removing the bars to the induction of fathers.

"We have delayed calling fathers for military service as long as has been possible. We have worked with the armed forces to lower physical standards and permit larger recruitment from other classes of registrants. We have urged women and men not qualified for military service to substitute for single men in every possible place in essential industry. We continue that plea for on the response will depend, in large measure, how many fathers must be called to military service."

The directive which is being issued by Maj. Gen. Lewis B. Hershey, Director of Selective Service, to Selective Service local boards throughout the United States, includes the following provisions.

1. Fathers will be drafted only in such number as is absolutely required by a local board to meet a monthly call from the armed forces that cannot be filled from men, other than fathers, who are not eligible for occupational deferment.

2. Fathers will be called according to their Selective Service Order Numbers, without distinction regarding the number or ages of their dependent children;

3. Fathers who are "key men" in agriculture or essential industry will be deferred;

4. Fathers whose induction would cause extreme hardship and privation to their families will be deferred.

Mr. McNutt emphasized that the drafting of fathers was made necessary by the approaching exhaustion of other pools of registrants. It is now evident, he said, that the supply of qualified registrants in classifications other than Class III-A, who are not eligible for occupational deferments together with the prospective number of Class I-A men to be obtained from registrants becoming 18 years old each month will not be sufficient to meet the monthly requirements of the armed forces after Oct. 1. He said:

Prior to the directive, fathers with children born before Sept. 15, 1942, were deferred and not available for military service except for those who had transferred from essential agriculture to another activity without permission of their local boards, or were engaged in nondeferrable activity or occupation.

Local boards will work gradually into the task of reconsidering the classification of fathers as the needs are ascertained. As of July 1, 1943, there were 6,559,000 registrants in Class III-A, the classification for men with children born prior to Sept. 15, 1942 and are not otherwise deferrable. Class III-A will not be abolished and men will be reclassified out of it only as needed to meet the demands upon a local board for men for military service.

Red Paper Says Allies Broke 2nd Front Pledge

A blunt statement that the Allies have failed Russia by not opening a second land front, despite pledges by London and Washington, was printed on Aug. 6 in Pravda, the official Communist party organ, according to United Press Moscow advices of Aug. 6, which further said:

The article said Great Britain and the United States had solemnly promised the second front to Soviet Foreign Minister V. M. Molotov in June, 1942, and that the pledges were followed by statements of President Roosevelt and Prime Minister Churchill that action would be taken to relieve the Russians.

No attempt was made in the article to disguise Soviet disappointment and irritation.

The article clearly expressed growing Soviet suspicions that reasons other than technical military problems were responsible for Allied delay. It was implied that these might include political considerations.

Without underestimating Allied efforts in Italy and Sicily or the importance of aerial operations against Germany, the article laid down the definition of a second front, reiterating Premier Stalin's demand for action that would relieve the Red army of at least 60 German and 20 vassal divisions on the eastern front.

It long has been a Soviet thesis that the war could have been ended in 1942 and certainly could be terminated this year by prompt and co-ordinated Anglo-Soviet-American action. Barring such action the Russians place the blame for what they consider the "unnecessary prolongation of the war" squarely on the Allies.

Cleve. Reserve Bank Expands Research

Appointment of three senior economists to carry out an expanded research and public relations program which is being inaugurated in the Fourth Federal Reserve District was announced on Aug. 4 by Matthew J. Fleming, President of the Federal Reserve Bank of Cleveland.

Those appointed are:

Phil S. Eckert, Agriculture and Farm Credit.

L. Merle Hostetler, Banking and Finance.

Karl A. Boedecker, Commerce and Industry.

The expanded research and public relations program is under the direction of Kenneth H. MacKenzie, Vice President, and is being undertaken with the approval of the Board of Governors of the Federal Reserve System. Expansion in research work is going forward in each of the other 11 Federal reserve banks throughout the country.

In view of changes that have occurred recently, many of which are neither of a temporary nature nor an outgrowth of the war, it is felt that a strengthening of the research and public relations aspect of Reserve bank operation is imperative.

The over-all objective of the Cleveland bank's program is to study intensively economic and financial problems of the Fourth Federal Reserve District so that the bank will be in a better position to know all the facts that have any bearing on Fourth District economy.

This work is not to be considered as "post-war planning," although if the bank is in a position, as a result of such research, to disseminate background information and factual material having a direct bearing on various regional aspects of the national economy, it might be able to make a valuable contribution to some of the post-war planning efforts.

Pay On Porto Alegre 7s

Landenburg, Thalmann & Co., New York, as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 7% sinking fund gold bonds external loan of 1928, that funds have been deposited with them, sufficient to make a payment in lawful currency of the United States of America, of 16.25% of the face amount of the coupons due Feb. 1, 1941, amounting to \$5.68¾ for each \$35 coupon and \$2.84⅜ for each \$17.50 coupon.

Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

No present provision, the notice states, has been made for the coupons due Feb. 1, 1932 to Feb. 1, 1934, inclusive, but they should be retained for future adjustment.

Presents Credentials

Ray Atherton, new United States Minister to Canada, presented his credentials on Aug. 3 to the Governor General, the Earl of Athlone, at Rideau Hall in Ottawa.

Mr. Atherton, former Minister to Denmark, succeeds the late J. Pierreport Moffatt. For three years prior to this appointment Mr. Atherton served as Acting Chief of the Division of European Affairs of the State Department in Washington. He will also serve concurrently and without additional conpensation as Minister to the Government of Luxembourg which is now established in Canada.

Senate confirmation of this appointment was reported in our issue of July 15, page 235.

Nelson Sees Need For 30% Rise In Arms Output To Meet 1943 Goals

Donald M. Nelson, Chairman of the War Production Board, announced on July 30 that although munitions production moved ahead in June, the rate was below the scheduled rise and that, if 1943 goals are to be reached, the average monthly output must be 30% higher than the average output for the preceding six months.

In the twelfth of a series of monthly reports, Mr. Nelson said that "America is now in the stratosphere of production, and to reach higher altitudes requires supercharging." Admitted that "psychological and physical difficulties stand in the way," he expressed the belief that there is no limit on the altitude which this nation can and will reach in industrial development.

Chairman Nelson's report stated, in part:

"A year ago, when we were still a long way from maximum war production, each month showed substantial increases over preceding production periods. Since then, the gains have brought us closer in some categories to levels of production where additional increases are harder to get. Production is still going up, but the rate of climb has lessened. The production curve is showing signs of leveling off during the summer months.

"Now even relatively small additional gains on some items can be obtained only by efforts far more intensive than anything in our previous experience. To use a figure of speech, America is now in the stratosphere of production, and to reach higher altitudes requires supercharging. I do not believe there is any limit on the altitude which this nation can and will reach in industrial development, but we are not likely to maintain monthly numerical increases in war production as large as those we have had in the past.

"As the problems of increasing output become more difficult and complex, we are confronted by the fact that scheduled requirements for munitions are rising very sharply; for these requirements reflect the decisive tests which our armed services face in all parts of the world. In June, total output gained somewhat over May, but still did not meet scheduled requirements. At the end of June, 43% of the total volume of munitions requirements currently scheduled for 1943 had actually been produced. In view of the large month-by-month rise in scheduled requirements during the next six months, if we are to meet our goals, the average monthly output must be 30% higher than the average output during the preceding six months. The following table shows the rate of progress of munitions production month by month so far in 1943:

January production was 7% below production for December, 1942.

February production was 6% above production for January.

March production was 9% above production for February.

April production was 6% above production for March.

May production showed no gain over production for April.

June production was 2% above production for May.

"Although munitions production moved ahead in June, the rate was below the scheduled rise. In general, the production picture was more uniform in June than in May, with moderate increases characterizing most of the major programs.

"Broken down by classes of material, June production showed the following variations from May production:

Aircraft production increased 3%.

Total ground ordnance and signal equipment increased 3%, with the following specific variations in this category:

Self-propelled artillery decreased 13%.

Combat vehicle production increased 2%.

Artillery (excluding self-propelled) decreased 7%.

Small arms and infantry weapons increased 14%.

Naval vessels (value put in place) decreased 3%.

Merchant vessels (value put in place) increased 11%.

Miscellaneous munitions increased 1%.

"American industry faces a tremendous challenge and test in the second half of this year. In order to obtain additional increases at this stage, industry and government will need to resort to every means of intensifying the production effort. Such obstacles to increased production as absenteeism, strikes, delays by management in utilizing full capacity, over-optimism which reduces working energies—such obstacles as these must be vigorously attacked with every instrument at our disposal. Plans have been matured and are now being put into effect to drive production up against the psychological and physical difficulties which stand in the way."

Wilson Urges War Plant Operation On Labor Day

Charles E. Wilson, Executive Vice Chairman of the War Production Board on Aug. 3 called for full schedules of work in all war plants on Labor Day, Sept. 6, and asked labor and management to work together on that day to top all previous records.

Mr. Wilson also said that the Army, Navy and Maritime Commission joined in this request.

In his statement, Mr. Wilson said:

"About 2,000,000 members of organized labor are now in the fighting forces, and most working families have sons, brothers, fathers or husbands in the armed forces. In tribute to them and to the traditions of free labor, we must aim at and achieve 100% production of munitions of all sorts on Sept. 6.

"The fact that we have begun to dent the armor of the Axis is added reason for harder work on the production line. We must get enough munitions to our men so that they can push through whenever they open any cracks on the Axis front. The more we can produce now, the smaller will be the cost in American lives."

W. A. Sturges Named Sicilian Economic Head

The State Department in Washington announced on Aug. 3 that Wesley A. Sturges, former Professor of Law at Yale University, who is now in North Africa as the chief representative there of the Office of Economic Warfare, has been selected to have over-all charge of American economic agencies in liberated Sicily.

Mr. Sturges' duties will be to co-ordinate the economic activities in Sicily of the State, Treasury, War and Navy Departments and the Office of Economic Warfare, Lend-Lease Administration and the Office of Foreign Relief and Rehabilitation.

Mr. Sturges will operate under the new Office of Foreign Economic Coordination, which is headed by Dean Acheson, Assistant Secretary of State.

Setting up of the OFEC was noted in these columns of Aug. 5, page 523.

New York City Leads In Wholesale Trade Of Nation In 80 Of 95 Lines Analyzed

The extent to which New York predominates the wholesale trade of the United States was disclosed in a study of this important phase of the commercial and industrial activities of the city which was made public on Aug. 5 by the Chamber of Commerce of the State of New York.

George A. Sloan, Commissioner of Commerce for New York and Chairman of the Mayor's Business Advisory Committee, in a foreword to the Chamber study, which was entitled "New York's Leadership in Wholesale Trade," said "it is astonishing to learn just how far new York leads in this field and the extent to which much of the wholesale trade of a nation of more than 130,000,000 people is served by a city of 7,500,000 population."

The Chamber analyzed the business transacted by 95 lines of wholesale trade in the last (partly) pre-war year 1939, taking as a basis for the study a survey of the wholesale establishments of the country made by the Bureau of the Census of the U. S. Department of Commerce. The Chamber study disclosed that:

New York wholesale establishments were first in dollar volume in 80 of the 95 lines of trade analyzed and second in ten of the others.

Although New York has less than 6% of the population of the country, its wholesale establishments did 20% of the total dollar volume of the nation's wholesale business in these 80 lines.

In 24 out of the 80 lines of trade, New York wholesale establishments did more than one-third of the total dollar volume of all wholesalers in the United States in these lines.

In 15 wholesale lines, New York merchants did 50% or more of the total wholesale business of the nation in these lines.

In two wholesale lines—yarns and notions—New York establishments did 80% of the national total.

New York, with one-third of the population, did 39% of the total dollar volume of business of the 14 leading cities in the 80 lines of wholesale trade.

The total dollar volume of the 80 wholesale lines in which New York led was $2,436,605,000 compared with $6,162,455,000 for the 14 leading cities and $12,060,976,000 for the nation.

"The people of New York may take pride in the fact," the Chamber study said, "that the city's wholesale establishments do more than one-third of the total volume of all the wholesale merchants in the United States in such lines of wholesale trade, among others, as the following:

Industrial chemicals, office machinery and equipment; leather goods; household furniture; stationery and supplies; hardware specialty lines; upholstersers' supplies, books, periodicals and newspapers; poultry and poultry products; toys, novelties, fireworks; jewelry (unclassified lines); notions; hides, skins, raw furs; dressed furs, fur clothing; men and boys' clothing; women and children's clothing; clothing and furnishings (general line); millinery and supplies; hosiery and lingerie; cotton piece goods; woolen and worsted piece goods; other piece goods; other dry goods specialties and yarns.

The fifteen lines of wholesale trade in which New York did not lead were divided among six cities — Chicago, Boston, Philadelphia, Pittsburgh, Cleveland and Milwaukee. Chicago was first in nine lines, Boston in two and the other cities in one each.

Mr. Sloan warned that New York's commanding position in the wholesale trade might be challenged in the post-war period.

"Business competition throughout the nation will undoubtedly be keener than ever after hostilities cease and our economy returns to a peacetime basis," he said. "Therefore, it behooves the businessmen and everyone concerned with the economic progress of this city to see that New York's potential value to the nation shall be understood and availed of by business interests elsewhere."

Helm Named Vice Chairman Of N. Y. War Fund Group

Harold H. Helm, Vice President and Director of the Chemical Bank & Trust Co., has accepted appointment as city-wide Vice Chairman of the New York Committee of the National War Fund, it was announced by Emil Schram, Chairman.

Mr. Helm will be second in command in the city-wide campaign to raise $17,000,000, the five-borough goal in the National War Fund's forthcoming nation-wide appeal for $125,000,000 for support of the USO, United Seamen's Service and fifteen other major agencies serving our own armed forces and our fighting allies. Included in the local goal is approximately $1,000,000 for work of the New York City Defense Recreation Committee now serving upwards of 1,000,000 service men a month.

The appointment of Mr. Helm as city-wide Vice Chairman will bring the New York Committee the services of a man of wide experience in fund raising. He was Chairman of the War Chest Committee of the Russian War Relief, Chairman of the Red Cross War Fund Campaign in Montclair, N. J., his home town, and he inaugurated and was Chairman of the Princeton University Program of Annual Giving among the Alumni.

Mr. Helm is a native Kentuckian, and was graduated in 1920 from Princeton University of which he is now Vice President of the National Alumni Association. In addition to his affiliation with the Chemical Bank & Trust Co., Mr. Helm is also director in the Corn Products Refining Co., the City Investing Co., the City of New York Insurance Co. and the Association of Reserve City Bankers.

Mr. Schram, who is President of the New York Stock Exchange, also announced the appointment of Victor E. Cooley, Vice President of the New York Telephone Co., as Chairman of the Advance Gifts Division, and the appointment of Frederick H. Wood, member of the firm of Cravath, de Gersdorff, Swaine and Wood, as Chairman of Individual Advance Gifts. A second chairman will be announced shortly to head the corporate gifts phase of the work of the Advance Gifts Division.

In making public these appointments, Mr. Schram expressed gratification at the response given by men prominent in the city's business and professional life in backing the forthcoming campaign which will get under way Oct. 1 and continue until Dec. 7, second anniversary of Pearl Harbor.

1937 Coal Act Expires

It is announced that the Bituminous Coal Act of 1937, under which the Office of the Bituminous Coal Consumers' Counsel, Washington, D. C., operates as an independent Government agency, expires Aug. 23, 1943, and that the monthly publication, "Coal Consumers' Digest," therefore has been discontinued.

Business Taxes Often Take More Than Net Earnings, Conference Board Finds

It often happens that Federal taxes ostensibly levied against earnings actually take more than 100% of the income of an entire industry over a period of years, and thus imperil prompt and effective postwar readjustment, according to the National Industrial Conference Board, which has just completed a comprehensive study of the effect of taxes upon business policy relative to expansion of production based upon the experience of business executives.

Prompt and effective post-war readjustment is essential to high level employment when the war is over, the Board added on Aug. 9 in a statement to the press.

The fact that taxes technically computed as a percentage of profits may actually exceed earnings fairly determined is a result of the technical procedures employed in arriving at tax liability, which are not well suited to the numerous industries which normally experience wide fluctuations in earnings from year to year, or from period to period, the Board finds. In such industries "it is not a question of how high the tax rates on profits may be, but of whether it is really profits that are taxed. The question is whether profits can be measured fairly in any closed accounting period."

The Board's statement continues:

"Under accepted accounting methods it would be possible to increase the tax liabilities of some industries many times by closing the taxable period every month and not allowing the losses of some months against the profits of others. Agriculture would suffer especially under such a change because of its seasonal character. For many other industries the fluctuations of profits and losses over a period of a number of years is similar to that of agriculture over twelve months.

"A period of unusual wartime productive activity tends to intensify the cyclical experience of some industries. The machine tool industry, for example, is building lathes and other tools for war use that will virtually destroy the post-war market for the industry for several years. Yet the entire present income of the industry is being taxed at war rates with the privilege of carrying back the losses of only two post-war years and applying them against 'war' profits. They also have the privilege of carrying losses forward two years, but this privilege may bring relief too late to help.

"The failure to allow for losses accounting for tax purposes results in an unintended addition to business risks. The situation, however, is by no means peculiar to the war period; wartime conditions merely accentuate defects in the tax measure that otherwise work their greatest injury during depressions.

"Most businesses that are important to our productive economy are organized on a permanent or indefinite basis in the expectation that net profits will accrue over a period of many years. Some of these expect losses during the first few years while they are becoming established, but many expect losses at irregular periods as a result of the operation of cyclical movements in economic activity. Decisions to enter or to expand business operations must therefore be based upon net long-term profits after deductions of all losses."

"Current methods of accounting for tax purposes tend to tax more than 100% of the net income of corporations that are subject to frequent loss years. Profits and losses vary widely among industries, particularly as the result of business cycles and wars, and in many the effect is to base income taxes upon several hundred percent of net income for a period of years."

Morgenthau Declares War Taxes Low In Comparison To Canada And Britain

Secretary of the Treasury Morgenthau on Aug. 3 reminded the American taxpaying public that ninety-five cents out of every dollar of Federal expenditures is being routed directly into the war effort.

This means, Mr. Morgenthau explained, that $36,800 000,000 of the approximately $38,700,000,000 which President Roosevelt estimated in his revised budget summation would be received as revenues in the present fiscal year, "will go toward the purchase of guns, tanks, ships and planes in order that decency may be restored to the world."

The Secretary made public a series of charts illustrating the American Federal tax structure. One chart of estimates for the fiscal year 1944 showed that tax dollars met only 36% of total Federal expenditures in the United States; 47% in Canada, and 52% in the United Kingdom. Another depicted the lower Federal income tax rates in this country in contrast with those of Canada and the United Kingdom, by showing examples in two important income levels. A third portrayed the slower rise in Government receipts in relationship to budgetary expenditures.

At the same time, Mr. Morgenthau declared that taxes are the best method of paying for the war —because they pay for the war once and for all.

"But obviously," he said, "the entire cost of the war cannot be financed by taxes alone. This would impose so heavy a tax burden that it would create impossible situations for certain groups despite all efforts to apportion the tax load equitably. The ability to pay varies greatly in all income groups.

"Because of this, flexibility is necessary in financing the war. The purchase of War Bonds lends to our program this necessary flexibility. It makes it possible for everyone to aid and participate in the war effort in accordance with the amount of money which they have over and above their essential cost of living.

"Therefore, if we are to pay as much as possible out of our current national income for the cost of the war it is urgently necessary for individuals to pay high taxes and, in addition, buy and hold as many War Bonds as they can afford."

Mr. Morgenthau observed that, as a result of huge war expenditures (estmated at $100,000,000,000 for the present fiscal year by President Roosevelt in his budget summation), the income of the people of this country—the total they receive in wages, salaries, farm income, dividends, etc.,— now is the highest in history. Even after payment of the higher income taxes there will be more dollars to spend at a time when the amount of goods available is declining because of the demands of war production, he said.

"If people should try to spend this excess purchasing power," he concluded, "the upward pressure on prices would be serious. Thus, every tax dollar as well as every bond dollar does double duty; it provides funds needed urgently for winning the war, and checks the tendency toward rising prices."

Mutual Savings Bank Deposits And Bond Sales At New Records

Record deposits and the first billion dollars of War Savings Bonds sold and delivered by mutual savings banks are reported for the first half year of 1943, the National Association of Mutual Savings Banks announced on Aug. 2.

Deposits in the six months gained by $483,748,579. This was a top figure for all time and largely reflected increased savings in war industrial areas. The increase brought total deposits held by mutual institutions to $11,104,706,532, the first time that such deposits have exceeded $11,000,000,000.

Including all classifications of accounts, New York led with an increase of $255,307,885; Massachusetts, second, had a gain of $81,439,286; Connecticut, third, $39,600,868.

"This substantial increase for the first half year is proof that our wartime economy rests upon a sound basis," said George J. Bassett, President of the Association and President of the Connecticut Savings Bank, New Haven.

"The public will to save is an impressive demonstration that the American people comprehend the necessity and the advantages of present frugality to insure the benefits of the future for themselves and the nation. We should not think of savings deposits in banks as something different from direct savings to help the Government, because today practically every dollar deposited in a savings account immediately is invested in Federal bonds. The depositor performs just as valuable a service for the Government as though he had made a purchase of War Savings Bonds. Mutual savings banks now have completed distribution of their first billion dollars of such bonds and will continue to exert utmost efforts to support the Government."

Assets followed the same course as deposits, the six months' gain standing at $485,489,620, bringing the total to $12,436,067,126. New York had an increase of $237,874,912; Massachusetts, $88,587,522; Connecticut, $43,865,969.

Development of new accounts was shown by the six months' gain of 257,952, raising the total to 15,552,095. Of the three leading States, New York stood in first place with an increase of 106,090; Massachusetts, 76,696; Connecticut, 22,616.

Additions to reserves in the half year amounted to $22,356,298, placing total at $1,302,018,601. The increase in Massachusetts was $8,853,644; Connecticut, $5,571,277; Pennsylvania, $2,361,391. The average reserve behind each dollar of deposits in mutual institutions amounted to 11.7%.

The average account owned by each depositor—including school savings, Christmas clubs and other special purpose accounts—rose to $714.03. Rhode Island had the highest average of all accounts, $856.44; Indiana, $856.13; New York, $799.82. The typical regular savings account, excluding club deposits, increased to $873.72. The average rate of interest-dividends paid upon deposits remained about stationary, 1.87%.

Buying New So. Wales 5s

The Chase National Bank of the City of New York is inviting tenders for the sale to it of an amount of State of New South Wales, Australia, external 30-year 5% sinking fund gold bonds due Feb. 1, 1957, sufficient to exhaust the sum of $235,147.42. Tenders will be accepted at prices not exceeding par and accrued interest and will be opened at 12 o'clock noon on Aug. 9, 1943, at the corporate trust department of the bank, 11 Broad Street, New York.

Attorney General Biddle Upholds Right Of Minority To Demand And Obtain Strike Vote

In a far-reaching opinion, Attorney General Biddle held on July 31 that any union group—representing either the majority or minority of the employes—could demand and obtain a strike vote in any war plant under the terms of the recently-enacted Smith-Connally War Labor Disputes Act.

His ruling was disclosed by the National Labor Relations Board (NLRB) in announcing the first strike ballot under the act.

The demand for a strike vote came from John L. Lewis's United Mine Workers, District 50, after the NLRB dismissed its petition challenging the right of a CIO union, certified by the board as the representative of the plant's workers, to continue as the bargaining agent.

The Attorney General's decision was in connection with the case of two Springfield, Ill., plants of the Allis - Chalmers Manufacturing Co., where on Aug. 4 a majority of employees voted for a strike.

The NLRB had asked Mr. Biddle whether it should conduct a strike ballot on notice from a "minority group."

In a letter to President Roosevelt, Philip Murray, President of the CIO, on Aug. 7 asked that Mr. Biddle be instructed to reconsider the entire matter "in the hope that an interpretation may be obtained more consistent with both the intent and desire of Congress and the war needs of the country."

Mr. Murray declared that the result of the Attorney General's decision "is sheer chaos," demonstrated "a complete sense of irresponsibility" and "could not possibly reflect the intent of Congress" when it approved the act.

In reporting Mr. Biddle's ruling, Associated Press Washington advices of July 31 said:

The Attorney General, in presenting his interpretation, declared that the Secretary of Labor and the Acting Secretaries of War and Navy had "pointed out the possible disturbing effects of taking strike ballots in plants where labor relations had been stabilized by collective bargaining agreements and by the 'no strike' pledge. The President in his veto message on the bill gave a similar warning."

"Notwithstanding these warnings," added Mr. Biddle, "the Congress enacted the legislation, and in so doing expressed the Congressional policy that the taking of secret ballots would tend to retard strikes and to prevent serious interruptions of war production."

The Smith-Connally act provided that "the representative of the employes of a war contractor" may seek a secret strike vote to be held at the end of a 30-day cooling off period after the filing of a notice that a dispute exists.

Mr. Biddle was asked to determine whether the phrase "the representative of the employes of a war contractor" means the representative of a majority of the employes, or whether it means the representative of any group of employes.

He held that there was nothing in the language of the act to support a view that a notice requiring a vote could be filed "only" by the representative of the majority, and that, moreover, the House military committee, which drafted the measure, had considered but rejected such a restriction.

The NLRB said that the strike ballot to be submitted to the Allis-Chalmers workers would present a summation of the dispute, leading up to its dismissal of the United Mine Workers petition "on the ground that the contractural relationship" begun June 24, 1942, between the company and Local 120, United Farm Equipment and Metal Workers of America, CIO, "constituted a bar to an election."

Retailers Set Quota For Third War Loan

A sales quota equal to $200 in Series E War Bonds for every retail employee in the country has been set by the nation's retailers as their goal during the Third War Loan Drive, which begins Sept. 9. The quota was agreed upon at a meeting of the Retailers War Campaign Committee and representatives of the Treasury Department and the Office of War Information recently held in Chicago.

Since there are approximately 5,000,000 persons currently employed by retail organizations in the country, the retailers are undertaking to sell a total of $1,000,000,000 in E Bonds and Stamps during the September drive.

In addition, the Retailers War Campaign Committee adopted a resolution recommending that at least 10% of all retail advertising for the month be devoted to War Bonds and Stamps. This would amount to an advertising expenditure of $1,500,000, it was said.

"The retail people are setting a fine example for other patriotic groups in taking for themselves a billion dollar quota in E Bonds during the Third War Loan," Secretary Morgenthau said in commenting upon the plan. "The retail organization has worked with us since the beginning of the War Bond program, and judging from past experiences, I have no doubt that they will reach their quota. The recommendation of the leaders of the retail group that approximately $1,500,000 be spent in advertising in behalf of the Third War Loan is another example of how this splendid group is cooperating with the Treasury Department in its War Financing efforts."

A task force of leading retail advertising and merchandising men also made plans at the meeting for a complete month's activities for September consisting of advertising, window displays, special events, etc., all based on the theme "BACK THE ATTACK—WITH WAR BONDS."

To Pay Rio 6½s

City of Rio de Janeiro (Federal District of the United States of Brazil) has remitted funds to White, Weld & Co. and Brown Brothers Harriman & Co., special agents for its 6½% external sinking fund bonds due Feb. 1, 1953, for payment of the Feb. 1, 1941 interest coupons at the rate of 16.25% of their dollar face amount.

Bondholders will receive payment upon presentation of their coupons beginning Aug. 2 at the New York offices of the special agents, at the rate of $5.28125 per $32.50 coupon, in full satisfaction, according to the notice to bondholders. Unpaid coupons maturing Aug. 1, 1931 to Feb. 1, 1934 must remain attached to the bonds for future adjustment under the decree.

This payment is being made in accordance with the provisions of Presidential Decree 23829 dated Feb. 5, 1934, of the United States of Brazil, as re-enacted and modified March 8, 1940 by Decree Law 2085.

Eisenhower Offers Italians Peace Terms

Gen. Dwight D. Eisenhower, Allied Commander in Chief, on July 29 offered the Italian people "peace immediately and peace under honorable conditions" if they stop assistance to the German military forces in Italy.

In his broadcast, Gen. Eisenhower told the Italians that the only remaining obstacle to peace is the continued presence of the German aggressor on their soil. He stated that "we are coming to you as liberators" and he promised that occupation will be "mild and beneficent" with Italian prisoners returned to their homes if British and Allied prisoners are restored safely.

The text of Gen. Eisenhower's special message to the Italian people follows, according to Associated Press advices from Allied Headquarters in North Africa:

"We commend the Italian people and the House of Savoy for ridding themselves of Mussolini, the man who involved them in the war as a tool of Hitler and brought them to the verge of disaster.

"The greatest obstacle which divided the Italian people from the United Nations has been removed by the Italians themselves. The only remaining obstacle on the road to peace is the German aggressor, who is still on Italian soil.

"You want peace. You can have peace immediately and peace under honorable conditions which our Governments have already offered you.

"We are coming to you as liberators. Your part is to cease immediately any assistance to German military forces in your country. If you do this we will rid you of the Germans and deliver you free from the horrors of war.

"As you have already seen in Sicily, our occupation will be mild and beneficent.

"Your men will return to their normal life and to their productive avocations and, provided all British and Allied prisoners now in your hands are restored safely to us and not taken away to Germany, the hundreds of thousands of Italian prisoners captured by us in Tunisia and Sicily will return to the countless Italian homes who long for them.

"Ancient traditions and liberties of your country will be restored.

Eisenhower."

Secretary of State Hull denied on July 29 that the new Italian regime had made any peace overtures but said the War Department would probably be the first to hear if any approaches were made since it would be of a military nature. He expressed supreme confidence in Gen. Eisenhower's judgment to deal with any situation that might arise in accordance with the desires of the Allied nations.

Swiss Right Of Asylum Upheld

The Swiss Government, replying to Allied expressions of hope that neutral states would not offer asylum to Axis leaders, said on Aug. 6 that Switzerland would "obviously exercise the right (of asylum) in a manner to assure fully the sovereignty and highest interests of the country," it was reported in Associated Press advices from Bern.

Dr. Marcel Pilet-Golaz, chief of the Political Department, the dispatch also said, told the Federal Council that the reply had been sent to the British and American Legations in Bern.

The U. S. and British warnings were mentioned in these columns of Aug. 5, page 523.

Enemy Patents Made Available To Small War Plant Operators

Enemy patents, seized as a result of the war, and now in the possession of the Alien Property Custodian, have been made available to the operators of small war plants, it was announced July 29, by Brig. Gen. Robert W. Johnson, Chairman of the Smaller War Plants Corporation, whose office has worked out the details with Leo T. Crowley, Alien Property Custodian.

Up to now only larger firms have reviewed available alien patents and have applied for non-exclusive licenses under which the war effort and postwar development may be implemented.

Small plants were urged to take advantage of this opportunity and were encouraged to apply to the office of the Custodian for an index of classified patents which will enable them to select such patents as may interest them.

"The issue of the patent papers, drawings and specifications by the Custodian," SWPC said, "then enables the applicant to determine, in his own plant, the value to him of those available."

It was emphasized that small plant operators did not have to come to Washington for this information. It can be secured by writing to the Office of the Alien Property Custodian in Washington or in Chicago.

Once licensed under an alien patent, small plants will get technical assistance through any one of several Government agencies. SWPC will certify qualified firms and in some cases, where required, will assist in financing.

About 40,000 patents and patent applications have been vested by the Alien Property Custodian and are available for license immediately.

June Income Payments At Record $12.1 Billion

June income payments to individuals hit a record peak of $12,162,000,000, an increase of 9% over May and 25% over June of last year, Secretary of Commerce Jesse Jones reported on Aug. 6.

Payments for the first six months of 1943 aggregated $67,119,000,000 — 27% over the $52,687,000,000 in the corresponding period a year ago.

In reporting this, Associated Press Washington advices also stated:

Mr. Jones said most of the $1,024,000,000 May-to-June increase resulted from the usual rise in dividend and interest payments, although continued expansion of war-plant pay rolls also was described as a major factor. Even after allowance for seasonal influences, the Commerce Department's index of total income payments advanced 2.8 points to 211.5 of the 1935-'39 average.

Analyzing the figures for the first half of the year, Mr. Jones's statement noted that nearly nine-tenths of the increase over a year ago is represented by manufacturing wages and salaries, Federal pay rolls (including pay of the armed forces) and net income of farm operators. Showing advances of 42, 148 and 48%, respectively, these three items constituted less than two-fifths of total income paid to individuals in the same period last year.

Other components of the income stream either increased only moderately or approximated 1942 levels, the statement said, adding that "while income payments in the first half of the year continued the rapid upward trend initiated in the middle of 1940, it is noteworthy that the rate of expansion has slackened as conversion to a war basis has approached fulfillment."

Small Plants' Share In Service Contracts Up

The War Department reported that its campaign to utilize small business in the war effort has resulted in small manufacturers receiving about 48.8 cents of every procurement dollar spent during the first six months of 1943.

Nearly one-fourth of every dollar—23.6 cents—spent for manufactured supplies by the Army Service Forces goes directly to small plants on prime contracts, the Department said.

In United Press Washington advices of Aug. 1, the following additional was reported:

"An analysis of 2,987 prime supply contracts indicates that an additional 25.2 cents of each dollar is received by small concerns through so-called 'first tier' subcontracts.

"The dollar value of price contracts awarded to small manufacturers amounted to $2,078,645,000. Little firms got 65.2% of the total number of prime awards made in the period.

"The Department said its small war plants program has been a major effort of the procuring services. It has undertaken a concentrated re-examination of prime contracts already held by 5,526 larger contractors in hope of developing additional subcontracting to aid small business and speed production. This effort, it said, resulted in 7,446 additional subcontracts valued at $779,187,807."

Farm Cash Income Far Ahead Of Year Ago

Income from farm marketings plus Government payments for the first half of 1943 totaled $8,202,000,000, compared with $6,215,000,000 for the same period last year, the Department of Agriculture reported on Aug. 9. The returns from farm marketings alone amounted to $7,802,000.000 this year, compared with $5,748,000,000 last year, the report said. Government payments of $400,000,000 were somewhat less than the $431,000,000 received by the farmers last year.

The income from marketings in June totaled $1,383,000,000, compared with the revised figure of $1,400,000,000 for May and $1,070,000,000 for June of last year.

Cash receipts from crops in the first half of 1943 were 45% higher than for the same period last year, and receipts from livestock and livestock products was 31% greater.

The report said "these unusual increases were brought about by the record crops of last year, a large part of which was marketed during the first half of this year."

It is not expected, the report added, that the income during the second half of 1943 will be maintanied at this relatively high level.

RFC Pays $34 Million In Rollback Subsidies On Meat And Butter

The Reconstruction Finance Corporation reported on Aug. 2 that the subsidized roll-back of retail meat and butter prices has cost the Federal Government $34,014,149 to date.

Butter subsidies began June 1 and meat subsidies started June 7.

In United Press Washington advices, it was further said:

Chairman Jesse Jones said the RFC paid $25,000,329 in subsidies on 2,017,399,104 pounds of meat and $9,013,829 on 180,276,600 pounds of butter up to Aug. 1.

The figures are not final for the period, however. Mr. Jones said the time for filing June claims by butter manufacturers and livestock slaughterers has been extended from July 31 to Aug. 31.

U. S. Transferring 150 To 200 Merchant Ships To Great Britain, Churchill Discloses

Prime Minister Churchill told the House of Commons on Aug. 3 that President Roosevelt had promised to transfer to Great Britain for temporary wartime duty 150 to 200 merchant ships.

The transfer of these ships has already begun and will be spread over a ten-month period, the Prime Minister explained, adding that it will absorb Britain's reserves of trained seamen, made idle when that country reduced its merchant shipping program in order to devote its resources to more favorable fields.

Mr. Churchill read a letter from President Roosevelt explaining the procedure. He added that a similar arrangement is being made with Canada in connection with ships built there.

The Prime Minister said there was no financial arrangement, explaining that "the method we work on is that we use all things to our common advantage."

The following was reported in Associated Press London advices of Aug. 3:

President Roosevelt's letter to Mr. Churchill read as follows:

Dear Mr. Prime Minister:

When you were with us during the latter part of December, 1941, and the first few days of 1942, after we had become active participants in the war, plans for a division of responsibility between your country and mine became generally fixed in certain understandings.

In the matters of production, as well as in other matters, we agreed that mutual advantages were to be gained by concentrating, in so far as it was practical, our energies in doing those things which each of us was best qualified to do.

Here in this country in abundance were the natural resources of critical materials.

Here there had been developed a welding technique which enables us to construct standard merchant ships with a speed unequaled in the history of merchant shipping.

Here we had waiting cargoes to be moved in ships to your island and to other theatres. If your country was to have carried out its contemplated ship construction program it would have been necessary to move large tonnages of raw materials that we have here across the Atlantic to your mills and yards, and then, in form of finished ships, to send them back to our ports for the cargo that was waiting to be carried.

Obviously this would have entailed a waste of materials and time.

It was only natural for us then to decide that this country was to be the predominant cargo ship building area for us both, while your country was to devote its facilities and resources principally to the construction of combat vessels.

You in your country reduced your merchant shipping program and directed your resources more particularly to other fields in which you were more favorably situated, while we became the merchant shipbuilder for the two of us, and we have built and are continuing to build a vast tonnage of cargo vessels.

Our merchant fleet has become larger and will continue to grow at a rapid rate. To man its ever-increasing number of vessels we foresee present difficulties of no mean proportions. On your side the British merchant fleet has been diminished and you have in your pool as a consequence trained seamen and licensed personnel.

Clearly it would be extravagant were this body of experienced men of the sea not to be used as promptly as possible. To fail to use them would result in a wastage of manpower on your side and, what is of equal importance, a wastage of shipping facilities. We cannot afford this.

In order that the general understanding we reached, during the early days of our engagement together in this war, may be more perfectly carried out, and in order as a practical matter to avoid the prodigal use of manpower and shipping that would result from pursuing any other course, I am directing the War Shipping Administration, under appropriate bareboat arrangements, to number to your flag for temporary wartime duty during each of the suggested next ten months a minimum of fifteen ships.

I have furthermore suggested to them that this be increased to twenty.

We have been allocating to British services on a voyage-to-voyage basis large numbers of American-controlled ships. What I am now suggesting to you, and what I am directing the War Shipping Administration to carry out, will be in the nature of a substitution to the extent of tonnage transferred for the American tonnage that has usually been employed in your war program.

Details of the arrangements we can properly leave to national shipping authorities for settlement through the Combined Shipping Adjustment Board, whose function it is to concert employment of all merchant vessels, and will in accordance with its usual practice do so in connection with these particular ships.

Always sincerely,
FRANKLIN D. ROOSEVELT.

Following is the text of Mr. Churchill's remarks on his conversations with Mr. Roosevelt, referred to in the latter's letter:

In my discussions with the President, which were furthered in great detail by the Ministry of War Transport, we confined ourselves purely to the war period, leaving the arrangement suitable to a peace time settlement to be discussed at a future date.

The transfer to our flag of 150 to 200 ships has already begun and will be spread over ten months. It will absorb our reserves of trained seafaring population and the resources of both countries will be economically and providently applied to the main purpose.

It gives me much pleasure to have read to the House this letter from the President, which I have received his permission to make public.

I think it shows the deep understanding of our problems and of the general problems of the war by the head of this most powerful state, and of the intimate and sympathetic relationships prevailing between our two allied governments.

It will be, I am sure, a source of keen satisfaction to the House and to the country and certainly a powerful factor toward the abridgement of this period of war and destruction. I should add that the Canadian Government are making similarly generous arrangements in connection with ships built in Canada.

I cannot give the classes of ships but they are all those fine new ships being built by the United States. As to exactly what proportion of the different types are mingled I have not been informed at the present time. There is no financial arrangement. The method we work on is that we use all things to our common advantage.

Whichever type they are, (Liberty or Victory) we shall be very glad to have them and to put some of our sailors and engineers who have already been trained into them. These men have a great desire to continue their extremely dangerous avocation.

Industry Should Make Post-War Plans Now Says American Chemical Society Journal

Work on peacetime projects must be started now if industry is to meet the problem of providing 55,000,000 jobs at the end of the war, says "Industrial and Engineering Chemistry," publication of the American Chemical Society, of which Walter J. Murphy is editor. Limited amounts of critical materials should be set aside and trained workers should be released from wartime occupations in sufficient numbers to develop practical plans for peace production while the country continues to function as the Arsenal of Democracy, according to the journal.

The critical materials needed would absorb only a fraction of the nation's output, it is pointed out. To cope with post-war employment conditions and to meet wage increases instituted since 1940, the chemical industry, it is declared, will require an increase in production estimated at 35% above the 1940 level.

"Above all, careful planning will be required, plus considerable research, to solve the many problems of future peacetime production," the journal continues. "Normally, chemical projects require from five to ten years from the inception of an idea and its adoption to the operation of an actual commercial-size manufacturing unit.

"Planning in industry is normally a continuous process and is vital as regards future and sustained employment. Long-term planning has been slowed down during the past year or two in the interests of the immediate war effort. Practically all chemical companies have half-developed projects now at a point where semi-large-scale or pilot-plant operation is necessary to study process and engineering phases, but all such work was stopped months ago because of shortages of critical materials and personnel.

"It now appears reasonable to assume that with the decline in construction of war plants and with the machine tool industry no longer wholly occupied with the task of gearing up industry for production of implements of war, some critical materials will be available and some trained personnel released to employ in post-war projects.

"The time is here for cooperation between government and industry to the end that a limited amount of critical materials be set aside and earmarked for use in important post-war projects which must be started now, or very soon, if we are to be prepared to employ some 55,000,000 people when hostilities are over. The critical materials needed for such purposes would probably amount to not more than a fraction of 1% of the United States output of such materials, yet the importance of their use now can hardly be overestimated.

"Men in the fighting forces are vitally interested in knowing what constructive steps are being taken on the home front to provide jobs for them on their return. Effective efforts in this direction will stimulate their morale.

"Industry is interested in knowing whether it can count on governmental cooperation in this matter of the availability of limited amounts of critical materials.

"It is essential that government agencies responsible for distribution of raw materials and equipment properly appraise this situation so that the Government can do its share toward effective post-war planning without interference with the war effort."

New Cotton Exch. Members

Eric Alliot, President of the New York Cotton Exchange, announced that the Board of Managers have elected four new members. They are F. E. Grier, of the Grendel Mills, Greenwood, S. C.; Thomas A. Parker, Vice President of Jno. M. Parker Co., New Orleans, La.; Hrand H. Issacoulian, of H. H. Issacoulian, Inc., New York; and Joseph R. Bertig, Paragould, Ark.

Record Rate Of Home Purchase Lending

The new high reached in volume of money borrowed for home purchase during the spring of 1943 brought up to approximately $5,000,000,000 the value of residential property which has changed hands with the aid of savings and loan institution financing since real estate started up from its depression of the '30s. This is pointed out by the United States Savings and Loan League on basis of the average savings and loan ratio of loan to cost of the property.

Ralps H. Cake, Portland, Ore., President of the League, points out that the first five months of this year $260,227,000 of credit was poured into the hands of home buyers, more than for the entire year, 1936, the first year that recovery of people's desire to acquire homes really got under way after the depression. If the present rate of home purchase lending keeps up, 1943 will chalk up a post-depression high in the sums which these institutions have been asked for and have supplied in any one year, he said.

In April, $65,088,000 was loaned to help in the purchase of existing properties, a new thirteen year high for any month up to that time. Then came May which overshot the previous mark and saw $68,000,000 lent by the savings and loan institute for this purpose.

"The record figures are an indication not only of the increasing interest in ownership of real estate, but also of the higher prices at which properties are changing hands today," said Mr. Cake. "Even discounting the upward trend in money paid for each parcel of real estate, however, we find that we have made loans for the purchase of more different properties so far this year than in any similar period since the 1920's. The estimated number of such loans is 93,000."

Canadian Crops Continue Favorable

The Bank of Montreal, in its Aug. 5 crop report, states that crop conditions continue favorable throughout Manitoba, but have deteriorated further in the dry areas of Alberta and Saskatchewan where yields will be light. The bank's report goes on to say:

"Wheat, oats and barley are practically all headed and are filling out well where moisture conditions are satisfactory. Further rains, however, are required in many districts. Flax has been affected by weeds and rust and some poorer crops have been ploughed under. Sawfly and grasshopper damage is reported in parts of Alberta and Saskatchewan. There have been further scattered hail losses. Sugar beets are progressing favorably. In Quebec, grain crops are making good progress, with average yields indicated. The harvesting of an abundant hay crop of good quality is nearing completion. Pastures continue in very good condition. Root crops are showing satisfactory progress, but canning crops are below average. A good apple crop is in prospect and small fruits are plentiful. Warm, dry weather is needed in most districts."

Federal Tax Inst. Sponsored By NYU

The second session of New York University's Institute on Federal Taxation will be held from Sept. 20 to Sept. 29, it is announced by J. K. Lasser, Chairman of the Institute, and Professor Paul A. McGhee, acting director of the Division of General Education. The plan of the second session of the Institute will differ from that of the first session largely in the introduction of morning sessions on specialized topics.

The announcement adds:

"Following the pattern of the first Institute, the lecture on each day will be followed by dinner discussion sessions, after which questions may be addressed to those who presented the topics on that day. Whereas the registration for the Institute day sessions is limited to 175, the evening dinner discussion sessions are limited to 125, according to present plans.

"The first Institute on Federal Taxation, held from Nov. 30 to Dec. 12, 1942, was attended by 175 attorneys, CPAs, controllers, and executives from over 20 States. The Institute is designed primarily for tax practitioners, those whose primary concern in their profession is with problems arising from Federal taxation. It acts as a clearing house where tax practitioners may bring their problems and secure the considered judgment of acknowledged experts in the several subjects which are treated on the Institute program.

"The Institute will be prefaced by a three-day conference on War Contracts, Negotiation, and Termination to be held from Sept. 16-18 under the sponsorship of the New York University School of Law. The Chairman will be Dean Arthur T. Vanderbilt, School of Law.

"Applications for folder containing full information concerning the second session of the Institute on Federal Taxation should be addressed to Professor Paul A. McGhee, acting director, Division of General Education, New York University, 100 Washington Square E., New York 3, N. Y.

President Hails WAVES

President Roosevelt on July 30 extended birthday congratulations and a hearty "well done" to members of the WAVES on the first anniversary of their service in the Navy.

The President complimented "patriotic womanhood" of the Nation for "the wholly voluntary response" to the call for Navy service.

Mr. Roosevelt's statement follows:

"One year ago today the United States Navy opened to this Nation's patriotic womanhood an opportunity for service within its ranks. The wholly voluntary response came in such swelling volume as to constitute a ringing confirmation of the tenet that, in total war, democracy must be fought for and defended by all the people.

"Once again, the women of this free land stepped forward to prove themselves worthy descendants of those proud pioneer daughters who first nurtured freedom's flame.

"Thousands of fighting Navy men are now at battle stations because they were released from vital shore jobs by women within and wholly a part of the naval service. Other thousands will sail to meet the enemy as more women become available to take over these vital jobs ashore.

"In their first year the WAVES have proved that they are capable of accepting the highest responsibility in the service of their country. On behalf of a grateful Nation, I offer birthday congratulations and a hearty 'well done.'"

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Aug 10	120.38	111.44	119.20	117.00	111.81	99.04	103.30	114.08	117.20
9	120.27	111.25	119.20	116.80	111.62	99.04	103.30	114.08	117.20
7	120.19	111.25	119.20	117.00	111.62	99.04	103.13	114.08	117.40
6	120.19	111.25	119.20	117.00	111.62	99.04	103.13	114.08	117.20
5	120.19	111.25	119.41	117.00	111.44	99.04	103.30	114.08	117.20
4	120.19	111.44	119.41	117.00	111.44	99.20	103.30	114.08	117.40
3	120.19	111.25	119.20	117.00	111.44	99.04	103.13	114.08	117.20
2	120.19	111.25	119.20	117.00	111.44	99.04	103.13	114.08	117.20
July 30	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
23	120.51	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.00
16	120.46	111.25	119.20	116.80	111.44	99.20	103.13	114.08	117.20
9	120.73	111.07	119.20	116.61	111.25	98.88	102.80	114.08	117.00
2	120.75	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
Jun 25	120.41	110.70	118.80	116.22	111.07	98.09	102.46	113.70	116.61
18	120.15	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
11	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
4	119.92	110.34	118.40	115.82	111.07	97.78	102.30	113.50	116.02
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago Aug. 10, 1942	117.97	106.92	116.80	113.31	108.34	91.91	96.23	111.62	114.27
2 Years ago Aug. 9, 1941	119.09	107.80	118.20	115.24	108.52	92.28	97.47	112.00	115.24

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Aug 10	1.83	3.09	2.69	2.80	3.07	3.81	3.55	2.95	2.79
9	1.83	3.10	2.69	2.81	3.08	3.81	3.55	2.95	2.79
7	1.84	3.10	2.69	2.80	3.08	3.81	3.56	2.95	2.78
6	1.84	3.10	2.69	2.80	3.08	3.81	3.56	2.95	2.79
5	1.84	3.10	2.68	2.80	3.09	3.81	3.55	2.95	2.79
4	1.84	3.09	2.68	2.80	3.09	3.80	3.55	2.95	2.78
3	1.84	3.10	2.69	2.80	3.09	3.81	3.56	2.95	2.79
2	1.84	3.10	2.69	2.80	3.09	3.81	3.56	2.95	2.79
July 30	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
23	1.81	3.10	2.69	2.81	3.09	3.80	3.55	2.95	2.80
16	1.82	3.10	2.69	2.81	3.09	3.80	3.56	2.95	2.79
9	1.80	3.11	2.69	2.82	3.10	3.82	3.58	2.95	2.80
2	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
18	1.84	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.87
11	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
4	1.87	3.15	2.73	2.86	3.11	3.89	3.61	2.98	2.85
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago Aug. 10, 1942	2.02	3.34	2.81	2.99	3.26	4.28	3.99	3.08	2.94
2 Years ago Aug. 9, 1941	1.95	3.29	2.74	2.89	3.25	4.26	3.91	3.06	2.89

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Increased In July

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation totaled 1,660,762 net tons in July, an increase of 108,099 tons over June, and 104,987 tons less than delivered in July, 1942, official figures released on Aug. 10 disclosed. Shipments for July, 1941, were 1,666,667 tons and for July, 1940, 1,296,887 tons.

For the seven months ended July 31 finished steel shipments by United States Steel companies aggregated 11,700,778 net tons, compared with 12,269,256 tons in the corresponding 1942 period, a decrease of 568,478 net tons.

In the table below we list the figures by months for various period since January, 1929:

	1943	1942	1941	1940	1939	1929
January	1,685,993	1,738,893	1,682,454	1,145,592	870,866	1,364,801
February	1,691,592	1,616,587	1,548,451	1,009,256	747,427	1,388,407
March	1,772,397	1,780,938	1,720,366	931,905	845,108	1,605,510
April	1,630,828	1,758,894	1,687,674	907,904	771,752	1,617,302
May	1,706,543	1,834,127	1,745,295	1,084,057	795,689	1,701,874
June	1,552,663	1,774,068	1,668,637	1,209,684	607,562	1,529,241
July	1,660,762	1,765,749	1,666,667	1,296,887	745,364	1,480,008
August	------	1,788,650	1,753,665	1,455,604	885,636	1,500,281
September	------	1,703,570	1,664,227	1,392,838	1,086,683	1,262,874
October	------	1,787,501	1,851,279	1,572,408	1,345,855	1,333,385
November	------	1,665,545	1,624,186	1,425,352	1,406,205	1,110,050
December	------	1,849,635	1,846,036	1,544,623	1,443,969	931,744
Total by mos.	------	21,064,157	20,458,937	14,976,110	11,752,116	16,825,477
Yearly adjust	------	------	*42,333	37,639	*44,865	*12,827
Total	------	------	20,416,604	15,013,749	11,707,251	16,812,650

*Decrease.

NOTE—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

National Fertilizer Association Advance In Commodity Price Average

After remaining at the same level for three consecutive weeks, the weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Aug. 9, advanced to 134.8% of the 1935-1939 average. It was 134.6 a week ago, 134.4 a month ago, and 128.4 a year ago. The Association's report added:

A sharp rise in farm product prices, combined with a more moderate increase in foods, was mainly responsible for the advance in the all-commodity price index. The farm products price index moved into higher ground, the result of advancing quotations for grains, cattle, and hogs, which more than offest declines in cotton and sheep. In the food group advancing quotations were registered by three important items, while none declined, causing an increase in the group index. A slight decline was registered by the textiles index because of lower quotations for cotton. Marking the first change in ten weeks, the building materials group declined fractionally. However, the declines in the textiles and building materials indexes were insufficient to prevent the total index average from rising.

This week, advances in prices outnumbered declines 11 to 3; in the preceding week there were 6 declines and 6 advances; and in the second preceding week there were 6 declines and 5 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Aug. 7, 1943	Preceding Week July 31, 1943	Month Ago July 10, 1943	Year Ago Aug. 8, 1942
25.3	Foods	138.0	137.7	137.6	128.5
	Fats and Oils	145.6	145.1	145.1	139.9
	Cottonseed Oil	160.7	159.0	159.0	158.4
23.0	Farm Products	154.0	153.1	151.9	138.4
	Cotton	195.5	198.1	199.8	178.6
	Grains	146.5	144.0	149.0	111.9
	Livestock	149.0	147.8	144.0	138.0
17.3	Fuels	122.8	122.8	122.8	118.8
10.8	Miscellaneous commodities	130.1	130.1	130.1	126.7
8.2	Textiles	150.6	150.9	151.2	147.5
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.5	152.6	152.6	151.5
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.7	117.7	117.8
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	134.8	134.6	134.4	128.4

*Indexes on 1926-1928 base were Aug. 7, 1943, 105.0; July 31, 104.9; and Aug. 8, 1942, 100.0.

Steel Operations Again Rise — Schedules Revised — Ore Shipments At All-Time High

". . . The shortage of manpower is out-distancing all other current war production problems," according to the 'Iron Age' in its issue of today (Aug. 12) which further adds in part: "It is credited with being the chief reason why aricraft production in July, although at a new peak, fell 627 units below the month's quota, and it is the No. 1 problem facing the nation's railroads, steel plants, and other industries. (Model changes and cutbacks also are factors influencing war production to a great degree. In aircraft, blame also has been heaped upon the Truman Committee report.)

"The two ways of solving the aircraft labor problem are being studied—greater preferential treatment under Selective Service and wage incentives. There is also discussion with regard to concentrating production.

"Suffering heavily from the draft, U. S. railroads are said to require the recruiting of 80,000 workers this year. Steel executives are perplexed at how they are going to increase production as manpower disappears. The newly installed 48-hour week is by no means an answer. Steel men say there isn't a chance in the world of steel supplies loosening up for months to come and they seen no hopes for the civilian economy getting more steel other than for their repair parts.

"Nevertheless, the civilian allotment of carbon steel for fourth quarter was increased as forecast in this magazine, while all other requests including those for export were reduced. Stated requirements of the Army, Navy, Aircraft Resources, Control Office and Maritime Commission were slashed about 9%. Total requests from the 16 claimant agencies for carbon steel amounted to slightly more than 19,500,000 tons against an estimated fourth quarter supply of a little under 15,500,000 tons. The overall reduction in allotments compared to requests is much less than was necessary in third quarter.

"Except for 'straggling tonnage,' the inventory portion of the steel campaign has ended with cancellation of allotments for the third and fourth quarters of 1943 amounting to 868,837 tons.

"The volume of machine tool production in 1944 will drop to a level between $300,000,000 and $500,000,000 from production worth slightly under $1,000,000,000 this year because of cutbacks ordered by WPB, it was revealed at a meeting held on Aug. 3 by the machine tool industry advisory committee.

"Seven-month's steel production at 51,242,929 net tons of ingots is an all-time record It is now expected that production for the full year may wind up around the 90,000,000-ton mark, below the level optimistically predicted at the start of this year but still a phenomental feat.

"Hot rolled sheets are reported to be reaching the point where they are as scarce as plates. A container program of large proportions has been held back by inability to fit it into sheet mill schedules. Maritime's additional 2,000,000 tons of ocean-going shipping for 1943 will result in the dislocation of about 70,000 tons of hot rolled sheets, Washington experts say. The reason is that Navy and Maritime demand will take up all but about 250,000 tons of plate making capacity monthly.

"The carbon steel bar supply situation remains very tight, while alloy bar delivery promises have improved recently. Orders coming to steel companies continue strong, with cancellations small."

The American Iron and Steel Institute on Aug. 9 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.4% of capacity for the week beginning Aug. 9, compared with 98.3% one week ago, 97.0% one month ago and 96.5% one year ago. This represents an increase of 0.1 point or 0.1% over the preceding week. The operating rate for the week beginning Aug. 9 is equivalent to 1,704,000 tons of steel ingots and castings, compared to 1,702,200 tons one week ago, 1,679,700 tons one month ago, and 1,650,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Aug. 9 stated in part as follows:

"Revision of mill schedules is under way as a result of the campaign by the War Production Board to distribute steel more equitably in relation to essential needs.

"Inventories of consumers are being scanned and where they appear excessive mills are authorized to defer further deliveries until excess stocks have been drawn down. This releases capacity for other consumers in great need. As a result some claimant agencies have had orders deferred until they have reduced stocks on hand, including some bullet core wire in cases where inventories ran more than three months. Released mill capacity is immediately filled by needs of other consumers for early delivery. This action is relieving the situation in many cases where war production was threatened by delay. WPB reports that the present effort has resulted in cancellations of 812,000 tons and not much more is expected.

"This is not releasing more steel for civilian use and heavy bookings well into next year indicate there will be no early easing for this purpose. Steel requests for fourth quarter were 4,200,000 tons above supply for carbon bars and 250,000 tons for alloy steel.

"Lend-lease and other exports of steel are expected to increase during third and fourth quarters, following the heavier movement during second quarter. Ingots and semifinished shipments will be up substantially in third quarter and finished steel products probably will be approximately twice as much as the raw steel. This includes considerable pipe, cold-finished bars and wire. Better shipping conditions in the Atlantic will favor a heavier shipment to the war zones and South America.

"Tin plate producers are booked for almost their entire third quarter and output and expect a larger output in fourth quarter than in the same period last year. In the final quarter of 1942 government restrictions held production to a low point, in some cases 20% of capacity. This year schedules are more generous and include considerable material for lend-lease, estimated at about 40,000 tons, principally for Great Britain and South America, considerably more than was allowed a year ago.

"Iron ore movement on the Great Lakes made a new high monthly record in July with 13,588,814 gross tons, compared with 13,405,506 tons in the corresponding month last year. Cumulative tonnage to August 1 is 8,974,968 tons less than in the comparable period in 1942, limiting probability of the season's total exceeding that of last year. However, additional carriers will be put in service during the remaining months of navigation, which will increase the volume carried. Approximately half the ore season has passed and unless movement is much greater in the remaining months the quota will not be reached."

Moody's Daily Commodity Index

Tuesday, Aug. 3	244.7
Wednesday, Aug. 4	244.5
Thursday, Aug. 5	244.2
Friday, Aug. 6	245.2
Saturday, Aug. 7	245.1
Monday, Aug. 9	244.6
Tuesday, Aug. 10	245.1
Two weeks ago, July 27	244.1
Month ago, July 10	243.0
Year ago, Aug. 10	229.6
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Civil Engineering Construction Up 15% In Week

Civil engineering construction in continental U. S. totals $47,489,000 for the week. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 15% higher than in the preceding week, but is down 71% compared with the volume reported for the corresponding 1942 week by "Engineering New-Record" on Aug. 5. Private construction is 2% above last week, and public work gains 18% as a result of the 3% increase in state and municipal construction and the 19% climb in federal volume. Private and public volumes, however, are 23 and 74% lower, respectively, than in the 1942 week. The report added:

The current week's volume brings 1943 construction to $2,110,029,000, an average of $68,065,000 for each of the 31 weeks. On the weekly average basis, 1943 construction is 65% below the $6,270,793,000 for the 32-week 1942 period. Private construction, $261,518,000, is 35% lower, and public work, $1,848,511,000 is down 67%, when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	Aug. 6, '42	July 29, '43	Aug. 5, '43
Total U. S. Construction	$163,973,000	$41,154,000	$47,489,000
Private Construction	8,274,000	6,207,000	6,330,000
Public Construction	155,699,000	34,947,000	41,159,000
State and Municipal	9,319,000	3,034,000	3,110,000
Federal	146,380,000	31,913,000	38,049,000

In the classified construction groups, gains over last week are in sewerage, commercial and public buildings, earthwork and drainage, streets and roads, and unclassified construction. Earthwork and drainage is the only class of work to gain over a year ago. Subtotals for the week in each class of construction are: waterworks, $521,000; sewerage, $1,027,000; bridges, $172,000; industrial buildings, $345,000; commercial buildings, $5,681,000 public buildings, $19,979,000; earthwork and drainage, $922,000; highways, $4,405,000; and unclassified, $14,437,000.

New capital for construction purposes for the week totals $397,000, and made up entirely of state and municipal bond sales. New construction financing for the 31 weeks of 1943, $2,921,585,000 is 68% lower than the $9,508,625,000 reported for the 32-week period a year ago.

Wholesale Commodity Prices Continue Downward Trend In Week Ended July 31

The U. Department of Labor announced on Aug. 5 that the downward tendency in commodity prices in primary markets continued as the Bureau of Labor Statistics' Index of nearly 900 price series dropped 0.1% during the last week of July. Seasonal declines in prices for fresh fruits and vegetables, particularly potatoes and onions, largely accounted for the decline. The all-commodity index dropped to the lowest point reached in five months, 102.8% of the 1926 average.

The Department's announcement further explained:

"Farm products and foods. Prices for farm products in primary markets continued to weaken as sharp declines were reported for potatoes in most markets. Lemons and onions were considerably lower during the week and cotton and rye dropped about 2%. Higher prices for oats, barley and wheat brought the average for grains up 0.8%. Hogs advanced 3% and quotations for sheep were fractionally higher. Average prices for farm products are 1.3% lower than at this time last month.

"Prices for foods in primary markets declined 0.6% during the last week of July following the rise of the preceding week. In addition to the decline of over 3% in fresh fruits and vegetables, flour prices were off slightly. Sharp increases occurred in prices for dried apricots and for certain canned vegetables, particularly asparagus and spinach. Eggs advanced fractionally. At the end of July food prices in primary markets were 1% lower than at the end of June.

"Industrial commodities. There were few changes reported in industrial commodity markets during the week. The building materials group index rose 0.2% as a result of higher prices for maple flooring, western pine lumber and rosin."

The following notation is made:

During the period of rapid changes caused by price control, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for July 3, 1943 and Aug. 1, 1942, and the percentage change from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to July 31, 1943 from—		
Commodity groups—	7-31 1943	7-24 1943	7-17 1943	7-3 1943	8-1 1942	7-24 1943	7-3 1943	8-1 1942
All commodities	*102.8	*102.9	*102.9	*103.0	98.6	—0.1	—0.2	+ 4.3
Farm products	*124.3	*124.8	*125.0	*125.9	105.6	—0.4	—1.3	+17.7
Foods	106.4	107.0	106.5	107.6	100.1	—0.6	—1.1	+ 6.3
Hides and leather products	118.4	118.4	118.4	118.4	118.8	0	0	— 0.3
Textile products	96.9	96.9	96.9	96.9	96.5	0	0	+ 0.4
Fuel and lighting materials	81.6	81.8	81.6	81.5	79.6	—0.2	+0.1	+ 2.5
Metals and metal products	*103.8	*103.8	*103.8	*103.9	103.9	0	—0.1	— 0.1
Building materials	110.8	110.6	110.6	110.4	110.0	+0.2	+0.4	+ 0.7
Chemicals and allied products	100.1	100.1	100.1	100.2	96.4	0	—0.1	+ 3.8
Housefurnishing goods	104.2	104.4	104.4	104.3	104.4	—0.2	—0.1	—0.2
Miscellaneous commodities	92.1	92.1	91.6	91.6	89.1	0	+0.5	+ 3.4
Raw materials	*113.0	*113.3	*113.4	*114.0	100.5	—0.3	—0.9	+12.4
Semimanufactured articles	92.7	92.7	92.7	92.7	92.6	0	0	+ 0.1
Manufactured products	*99.8	*99.8	*99.6	*99.7	98.8	0	+0.1	+ 1.0
All commodities other than farm products	*98.2	*98.3	*98.1	*98.1	97.1	—0.1	+0.1	+ 1.1
All commodities other than farm products and foods	*97.1	*97.1	*97.0	*96.9	95.8	0	+0.2	+ 1.4

*Preliminary.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended July 31, 1943 showed little change and was estimated at 12,100,000 net tons, a decrease of 50,000 tons from the preceding week. Output in the corresponding week of 1942 amounted to 11,232,000 tons. For the present year to July 31, soft coal production was 1.0% in excess of that for the same period in 1942.

The U. S. Bureau of Mines estimated that the total production of Pennsylvania anthracite for the week ended July 31, 1943 was 1,377,000 tons, an increase of 51,000 tons (3.8%) over the preceding week. When compared with the output in the corresponding week of 1942 there was an increase of 118,000 tons of 9.4%. The calendar year 1943 to date shows a decrease of 0.8% when compared with the same period last year.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended July 31 showed an increase of 2,600 tons when compared with the output for the week ended July 24. The quantity of coke from beehive ovens increased 6,200 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM
(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	July 31, 1943	†July 24, 1943	Aug. 1, 1942	‡July 31, 1943	Aug. 1, 1942	July 31, 1937
Total incl. mine fuel	12,100	12,150	11,232	337,538	334,343	256,690
Daily average	2,017	2,025	1,872	1,875	1,873	1,439
*Crude petroleum—						
Coal equivalent of weekly output	6,621	6,597	5,419	191,501	183,177	166,158

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, Review of 1940, page 775.) †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§July 31, 1943	¶July 24, 1943	Aug. 1, 1942	July 31, 1943	Aug. 1, 1942	Aug. 3, 1929
*Total incl. coll. fuel	1,377,000	1,326,000	1,259,000	34,839,000	35,105,000	40,823,000
†Commercial produc.	1,322,000	1,273,000	1,209,000	33,445,000	33,701,000	37,884,000
By-product coke—						
United States total	1,218,400	1,215,800	1,204,500	36,663,000	35,936,700	‡
Beehive coke—						
United States total	168,100	161,900	162,400	4,489,000	4,832,000	4,075,200

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)
(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					July avge.
State—	July 24, 1943	July 17, 1943	July 25, 1942	July 26, 1941	July 24, 1937	¶1923
Alabama	396	403	371	335	251	389
Alaska	5	6	5	5	3	**
Arkansas and Oklahoma	88	96	91	60	37	74
Colorado	147	137	119	109	71	165
Georgia and North Carolina	††	1	1	1	††	**
Illinois	1,516	1,482	1,085	1,138	680	1,268
Indiana	490	548	475	409	245	451
Iowa	41	42	45	43	33	87
Kansas and Missouri	146	153	140	119	84	134
Kentucky—Eastern	1,010	988	967	947	671	735
Kentucky—Western	284	278	207	210	132	202
Maryland	35	36	37	36	27	42
Michigan	7	8	3	2	5	17
Montana (bituminous and lignite)	91	104	67	50	40	41
New Mexico	38	42	33	22	31	52
North and South Dakota (lignite)	34	33	20	17	13	**14
Ohio	697	620	687	677	403	854
Pennsylvania (bituminous)	2,944	2,635	2,770	2,789	2,017	3,680
Tennessee	114	135	132	154	95	113
Texas (bituminous and lignite)	2	3	8	6	19	23
Utah	110	112	111	52	37	87
Virginia	402	416	400	438	247	239
Washington	32	29	34	26	30	37
*West Virginia—Southern	2,303	2,356	2,258	2,381	1,631	1,519
†West Virginia—Northern	1,062	968	864	805	530	866
Wyoming	156	167	125	106	71	115
‡Other Western States	††	2	††	††	††	**4
Total bituminous and lignite	12,150	11,800	11,055	10,937	7,403	11,208
§Pennsylvania anthracite	1,326	1,338	1,237	1,330	519	1,950
Total all coal	13,476	13,138	12,292	12,267	7,922	13,158

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.8	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8
November, 1942	5.5	8.0	7.1	5.2	4.5	5.9
December, 1942	5.3	8.6	7.2	5.0	4.2	5.7
January, 1943	5.0	7.9	6.8	4.5	4.1	5.4
February, 1943	4.7	7.3	6.3	4.4	4.1	5.1
March, 1943	4.5	6.8	6.2	4.0	3.9	4.8
April, 1943	4.5	6.6	5.8	4.1	3.9	4.8
May, 1943	4.3	6.2	5.5	4.0	3.8	4.6
June, 1943	4.2	6.4	5.4	3.9	3.8	4.5
July, 1943	4.5	6.8	5.5	4.1	3.9	4.7

OPA Amends Silver Rule

Manufacturers of semi-fabricated silver products were authorized by the Office of Price Administration on July 27 to charge the same prices for products made of Treasury silver sold under the Green Act as they are permitted to charge for items made of newly-mined domestic silver. Advices to the New York "Journal of Commerce" from its Washington bureau, from which we quite, also stated:

The authorization is made to facilitate use of silver sold under the Green Act.

The Green Act, signed by the President July 12, 1943, provides that Treasury silver sold under its terms cannot be sold at less than 71.11 cents per fine troy ounce.

The maximum price for newly-mined domestic silver is 71.111 cents per fine troy ounce.

Authorization to charge the same prices for semi-fabricated articles made of Treasury silver as are charged for the same articles made of newly-mined domestic silver is provided in amendment 5 to Revised Supplementary Regulation 14 under the GMPR, and becomes effective August 2, 1943.

Semi-fabricated articles are products in the silver industry which lie midway between the refiner and the manufacturer of finished silver products.

Semi-fabricated items include silver, alloys, grain, shot, powder, wire, sheet, blanks, circles, solders, brazing alloys, sintered products, silver-clad metals, silver inlays, and bar silver in weights or degrees of fineness different from standard commercial bars.

Semi-fabricated silver is used in the manufacture of finished articles such as machine bearings, gun mounts, photographic equipment and other raw materials.

Signing of the Green bill was reported in our issue of July 22, page 313.

New PAW Unit To Develop International Oil Plan

Creation of a Program Division in the Petroleum Administration for War to develop a coordinated plan "to meet the military and essential civilian requirements of the United Nations," was announced on July 23 by Ralph K. Davies, Deputy Administrator of the PAW.

Stewart P. Coleman will direct the new division.

Mr. Davies is quoted in Washington advices to the New York "Journal of Commerce" as saying:

"As the United Nations shift to the offensive on a global scale, petroleum becomes the most important single commodity required by our armed forces, its tonnage approximating the total tonnage of all other war supplies combined.

"Both the military operations and the accompanying petroleum supply problem are international in scope and it becomes increasingly necessary to develop a tightly knit and thoroughly coordinated petroleum supply program to meet the military essential civilian requirements of the United Nations."

"The new Division, after review and consultation with the Economics Committees of both the Petroleum Industry War Council (representing domestic oil operators) and the Foreign Operations Committee (representing foreign oil operators), will report on suggested program alternatives for execution by PAW.

"The Program Division will absorb part of the work and act as a clearing house for the remainder of the activities hitherto carried on by the programming sections of the PAW functional divisions. Formerly these activities were co-ordinated through inter-divisional liaison."

June Building Construction Gained 2% Over May, Secretary Perkins Reports

The value of building construction started in urban areas during June 1943 exceeded $100,000,000, Secretary of Labor Frances Perkins reported on July 31. "This represents a gain of 2% over the value for the previous month and is the largest total since February of this year," she said. "The value of Federal building construction contracts awarded during June was 9% greater than in May 1943, and more than offset the slight decline in permit valuations for privately financed building construction. Valuations of new non-presidential buildings started during June increased 37% over May. Similarly, valuations for additions and repairs rose 23%. In contrast, valuations for new residential structures dropped 23% from May to June, principally as a result of the 63% decrease in the value of public housing projects put under construction contract. Both new residential and new non-residential privately financed building declined from the May total while additions, alterations, and repairs increased."

Secretary Perkins further explained:

"The dollar volume of building construction started during June 1943 was 55% less than during June 1942. Privately financed construction alone was only 20% less than in June 1942 while the value of Federally financed construction contracts was reduced by almost three-fourths. Although all classes of building construction, both Federal and private, shared in the decline, privately financed new residential construction and additions, alterations, and repairs suffered relatively little with declines of 4 and 8%, respectively.

"One half of all urban building construction started during June 1943 was located in the East North Central and Pacific Coast States, both areas of great war activity. Over half of all new construction but only slightly over one-third of the value of additions, alterations, and repairs to existing structures were located in these states."

	Percentage change from					
	May 1943 to June 1943			June 1942 to June 1943		
Class of construction—	Total	Oth. than Federal	Federal	T otal	Oth. than Federal	Federal
All building construction	+ 2.2	— 1.3	+ 8.9	—54.7	—20.0	—74.0
New residential	—22.5	— 6.5	—63.1	—39.0	— 4.1	—81.7
New non-residential	+37.1	—23.2	+67.9	—70.6	—63.7	—71.9
Additions, alterations and repairs	+22.7	+22.7	+22.6	—16.9	— 8.0	—70.2

The Labor Department's announcement further stated:

"The 13,930 family dwelling units for which building permits were issued or Federal contracts awarded during June 1943 represent a decrease of 33% from the total for May 1943 and a decrease of 36% from the June 1942 total. Federal housing projects for war workers will contain 2,508 family units, or 18% of the June total. The number of Federal financed family dwelling units put under contract in June 1943 was only 30 of the May 1943 total and less than one-fourth the number put under contract in June 1942. The number of privately financed family dwelling units started during June 1943 was 8% less than during the previous month and about the same as during June 1942. In addition to the family units, accommodations for 172 persons will be provided in Federally financed dormitories put under construction contract during June 1943.

"The figures on building construction cover the entire urban area of the United States, which, by Census definition, includes all incorporated places with a 1940 population of 2,500 or more and by special rule, a small number of unincorporated civil divisions. The volume of privately financed construction is estimated from the building permit data received from a large majority of all urban places and these estimates are combined with data on building construction contracts awarded as furnished by Federal and State agencies. All figures for the current month are preliminary. Upward revisions in Federally financed nonresidential construction may be expected due to late notifications of contracts awarded.

"Principal centers of various types of building construction for which permits were issued or contracts were awarded in June 1943, except projects which have been excluded because of their confidential nature were: Bridgeport, Conn., 57 one-family dwellings to cost $256,100 and 8 apartments providing 136 units to cost $385,200; Bristol, Conn., 135 one-family dwellings to cost $659,200; Hartford, Conn., 57 one-family dwellings to cost $228,000 and 68 units in two-family dwellings to cost $204,000; Waterbury, Conn., 1 factory building to cost $290,000; Springfield, Mass., 130 one-family dwellings to cost $504,358; Buffalo, N. Y., 64 one-family dwellings to cost $289,500 and 290 units in two-family dwellings to cost $780,500; Philadelphia, Pa., 117 one-family dwellings to cost $510,260; Upper Darby, Pa., 160 one-family dwellings to cost $640,000; Detroit, Mich., 497 one-family dwellings to cost $2,545,196; Dearborn, Mich., 317 one-family dwellings to cost $1,356,000; Lincoln Park, Mich., 42-one family dwellings to cost $216,170; Melvindale, Mich., 113 one-family dwellings to cost $478,500; Wayne, Mich., 127 one-family dwellings to cost $468,600; Akron, Ohio, 58 one-family dwellings to cost $220,535; Dayton, Ohio, 16 apartments providing 81 units to cost $205,500; Euclid, Ohio 63 one-family dwellings to cost $315,600; Maple Heights, Ohio, 42 one-family dwellings to cost $203,400; Hastings, Nebr., 76 one-family dwellings to cost $323,600; Washington, D. C., 113 one-family dwellings to cost $580,650 and 55 apartments providing 432 units to cost $1,143,000; Jacksonville, Fla., 197 one-family dwellings to cost $540,672; Tampa, Fla., 73 one-family dwellings to cost $220,300; Marietta, Ga., 108 units in two-family dwellings to cost $328,050; Baltimore, Md., 174 units in two-family dwellings to cost $355,200; Brentwood, Md., 19 apartments providing 104 units to cost $250,000; Arlington, Va., 9 apartments providing 178 units to cost $480,000; Alexandria, Va., 38 apartments providing 211 units to cost $645,312; Fort Worth, Texas, 167 one-family dwellings to cost $409,740; Houston, Texas, 118 one-family dwellings to cost $304,470; Las Vegas, Nev., 91 one-family dwellings to cost $271,500; San Francisco, Calif., 120 one-family dwellings to cost $362,500; Burbank, Calif., 190 units in two-family dwellings to cost $380,000, Riverside, Calif., 118 units in two-family dwellings to cost $292,900; Portland, Ore., 44 one-family dwellings to cost $214,350; and 9 apartments providing 37 units to cost $180,000; Everett, Wash., 103 one-family dwellings to cost $303,850; Seattle, Wash., 138 one-family dwellings to cost $565,250; Spokane, Wash., 152 one-family dwellings to cost $644,790.

"In addition, contracts were awarded during June 1943 for the following Federally financed housing projects containing the indicated number of housekeeping units: Geneva, N. Y., $579,000 for 250 units; Bay City, Mich., $55,000 for 250 units; Detroit, Mich., $804,000 for 300 units, Warren, Ohio, $517,372 for 190 units; Washington, D. C., $1,269,957 for 462 units; Deming, New Mexico, $167,920 for 100 units; Chula Vista, Calif., $145,421 for 100 units; National City, Calif., $400,407 for 300 units; Riverside, Calif., $667,108 for 416 units; Santa Marie, Calif., $107,300 for 60 units; Anacortes, Wash., $154,000 for 80 units.

"Federal contracts were also awarded for dormitory accommodations for 100 persons at New Britain, Conn., to cost $68,845; for 72 persons at Ypsilanti, Mich, to cost $102,385."

The English Gold And Silver Markets

We reprint the following from the quarterly letter of Samuel Montagu & Co. of London, written under date of July 1, 1943:

Gold

The amount of gold held in the Issue Department of the Bank of England during the months of April, May and June 1943 was unaltered at £241,718.

The Bank of England's buying price for gold remained unchanged at 168s/ per fine ounce, at which figure the above amount was calculated.

The gold output of the Transvaal for the months of March, April, and May 1943 are given below, together with figures for the corresponding months of 1942 for the purpose of comparison:

	1943	1942
March	1,108,789 fine ounces	1,214,130 fine ounces
April	1,075,363 fine ounces	1,182,678 fine ounces
May	1,096,195 fine ounces	1,214,987 fine ounces

Silver

The price of 23½d. per ounce standard for both cash and two months' delivery remained unchanged throughout the second quarter of the year. The requirements of industry for purposes connected with the war effort continued to provide the demand and this was met by sales of silver from official stocks.

News was received from Washington in April that the Senate Banking Committee had met to consider a request from Great Britain for 3,250,000 ounces of lend-lease silver from the United States and 1,750,000 ounces from Canada. The silver lent was to be returned to the United States after the war.

It was learned subsequently that the amount to be supplied by the United States had been reduced to 3,075,000 ounces and that by Canada increased accordingly to 1,925,000 ounces.

Answering a question in the House of Commons the Chancellor of the Exchequer intimated that American lend-lease silver would be made available to industry through the Bullion Market.

During the three months under review, prices in Bombay showed a very wide range, varying between Rs. 110-10-0 per 100 tolas on April 2 and Rs. 138-3-0 on May 17, but there was a sharp decline from the high levels following the instigation by the Indian Government of an anti-inflation movement. A further obstacle to speculative activity was established by the prohibition of forward silver operations by the Bombay Market, which was followed by the issue by the Government of a new Defense of India rule providing that no person shall enter into any forward contract or option in bullion. At the end of June the spot quotation in Bombay was Rs.123-0-0 per 100 tolas.

QUOTATIONS IN LONDON
(Bar Silver per ounce std.)

Cash Delivery		Two Months'
23½d. throughout	April 1943	23½d. throughout
23½d. throughout	May 1943	23½d. throughout
23½d. throughout	June 1943	23½d. throughout

QUOTATIONS IN U. S. A. (per ounce .999 fine)

U. S. Treasury Price	New York Market Price
35 cents	44¾ cents

The official dollar rates fixed by the Bank of England during April, May and June 1943 were as follows:

Buying	Selling
$4.03½	$4.02½

Renegotiation Of War Contracts Results In Savings Of $3.5 Billion

Renegotiations of war contracts by the price adjustment agencies of the War and Navy Departments and the Maritime Commission through June 30, 1943, resulted in commitments for the elimination of excessive profits in the amount of $3,555,174,000, according to a joint report issued on Aug. 3.

The report emphasized that this figure does not include those savings accrued through lower prices in successive contracts, not susceptible of accurate measurements or even an approximate estimation, but savings undoubtedly many times greater than the measurable recoveries and price reductions in existing contracts making up the figures here presented.

Of the total for the 14 months since the authorization of the three Price Adjustment Boards and their associated agencies, $1,523,748,000 represented the recovery of excessive profits realized and $2,031,426,000 represents price reductions for future deliveries on existing contracts.

The breakdown by the three agencies was as follows:

	Recoveries	Price Reduct.	Total
Army	$1,090,600,000	$1,406,800,000	$2,497,400,000
Navy	388,305,000	581,149,000	969,454,000
Maritime Commission	44,843,000	43,477,000	88,320,000
Total	$1,523,748,000	$2,031,426,000	$3,555,174,000

The rate of renegotiation is continuing to be substantially accelerated, the agencies report. As of the end of June, written or oral agreements covering 1942 fiscal year prices and profits had been reached with 3,611 war contractors. By agencies, the breakdown was as follows:

	Cases Settled	Cases In Progress	Total Cases Assigned
Army	2,894	4,796	11,041
Navy	262	2,320	3,198
Maritime	91	313	443
Total	3,611	7,429	14,682

Chicago Home Loan Bank Repurchases Govt. Investments

Sending checks for $7,470,000 to the Federal Government in the month of July to repurchase Government investments received in 1934-1938, the Illinois and Wisconsin savings, building and loan associations brought this year's repayments on Government-owned shares up to $15,229,100, the Federal Home Loan Bank of Chicago announces. The 1943 repayment represents more than half of the total amount of Government investments they once held, according to A. R. Gardner, President of the bank, and has been channelled directly to the financing of the war.

Thirty-one of the ninety-seven associations which were still using some Government investments on July 1 paid off their entire volume in the course of the month. The repayment by all the institutions is in much larger quantities than their arrangement with the Government called for when the funds were invested.

This year's repurchase of such investments, plus those on a smaller basis the past few years of growing prosperity in the communities, has whittled the Government investments now in these thrift and home financing institutions down to $6,657,700, Mr. Gardner said, or 22% of the total. He predicted that substantially all of this will be repaid next January when further repurchase will be possible under Federal regulations.

Availability of additional funds from their individual shareholders in their communities, plus the inauguration by the Federal Home Loan Bank of Chicago of an especially advantageous type of loan to aid in the associations' retirement of Government investments, led to the return of Uncle Sam's millions used to supplement community home financing funds up to now, Mr. Gardner explained.

New WPB Unit Set Up

A Management Consultant Division has been established in the War Production Board by Charles E. Wilson, Executive Vice Chairman of the WPB.

The new division, headed by John W. Nickerson, of Manchester, Conn., will represent management and work. in collaboration with the WPB's Labor Production Office in the settlement of disputes and will also "study and recommend means of increasing plant production through improving management practices in dealing with labor on such matters as wage incentive plans, production standards, etc."

In advices from Washington July 28, from which this is learned, it was also stated:

"According to officials the new division also will advise the War Labor Board, whenever the latter requests it, upon the probable effect of wage incentive plans in war production plants.

"The Division will also keep in touch with leading representatives of industry and business, including such organizations as the United States Chamber of Commerce and the National Association of Manufacturers "in order to secure the cooperation of industry in any phase of the Management Consultant Division's program."

"The order abolishes the management consultant branch of the War Production Drive Division in WPB and its personnel and records are transferred to the new division."

Market Value Of Stocks On New York Stock Exchange Lower On July 31

The New York Stock Exchange announced on Aug. 6 that as of the close of business July 31, there were 1,235 stock issues, aggregating 1,479,099,743 shares listed on the Stock Exchange, with a total market value of $47,557,989,240. This compares with 1,231 stock issues, aggregating 1,468,974,383 shares, with a total market value of $48,876,520,886 on June 30 and with 1,239 stock issues, aggregating 1,470,695,446 shares listed on the Exchange on July 31, 1942, with a total market value of $34,443,805,860.

In making public the figures for July 31, the Exchange also said:

"As of the close of business July 31, New York Stock Exchange member total net borrowings amounted to $618,583,486, of which $490,829,589 represented loans which were not collateralized by U. S. Gov't issues. The ratio of the latter borrowings to the market value of all listed stocks, on that date, was, therefore, 1.03%. As the loans not collateralized by U. S. Gov't issues include all other types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

	July 31, 1943		June 30, 1943	
	Market Value $	Av. Price $	Market Value $	Av. Price $
Amusement	483,290,036	22.19	520,472,405	23.90
Automobile	3,794,439,787	31.30	4,160,227,612	34.34
Aviation	636 723,548	18.58	708,621,466	21.17
Building	540,190,936	26.17	575,751,838	28.05
Business and Office Equipment	389,793,119	33.05	408,900,396	34.67
Chemical	5,960,753,803	62.93	6,293,992,113	65.99
Electrical Equipment	1,573,717,912	38.87	1,721,853,534	42.53
Farm Machinery	745,706,132	56.93	798,978,369	61.00
Financial	948,440,969	18.96	987,591,802	19.74
Food	3,115,720,270	33.38	3,097,627,468	33.12
Garment	44,868,923	26.83	46,378,746	27.72
Land & Realty	29,381,524	6.04	33,801,495	6.95
Leather	235,091,380	27.91	230,947,462	27.42
Machinery & Metals	1,606,318,878	23.46	1,727,115,847	25.25
Mining (excluding iron)	1,365,311,147	23.20	1,418,494,986	24.10
Paper & Publishing	449,885,266	19.95	465,962,908	20.66
Petroleum	6,143,324,622	30.57	5,838,242,179	30.48
Railroad	3,841,318,445	34.15	3,762,983,097	33.46
Retail Merchandising	2,525,509,821	34.68	2,599,426,849	35.69
Rubber	539.804,089	50.99	564,199,975	53.30
Ship Building & Operating	100,091,907	18.14	105,939,783	19.20
Shipping Services	14,042,626	8.14	15,483,140	8.98
Steel, Iron & Coke	2,171,448,484	42.92	2,262,932,273	45.19
Textiles	474,116,050	33.34	504,016,183	35.45
Tobacco	1,225,911,624	45.60	1,271,830,299	47.31
Utilities:				
Gas & Electric (Operating)	2,062,698,659	22.48	2,057,647,718	22.42
Gas & Electric (Holding)	1,071,337,844	11.18	1,067,979,428	11.15
Communications	3,583,630,186	85.66	3,610,447,854	86.30
Miscellaneous Utilities	102,105,845	13.85	109,088,432	14.80
U. S. Cos. Operating Abroad	763,095,426	22.44	817,372,254	24.03
Foreign Companies	901.161,780	22.27	952,203,167	23.53
Miscellaneous Businesses	138,758,202	23.64	140,009,808	23.85
All Listed Stocks	47,577,989,240	32.17	48,876,520,886	33.27

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1941—			1942—		
June 30	39,607,836,569	27.07	July 31	34,443,805,860	23.42
July 31	41,654,256,215	28,46	Aug. 31	34,871,607,323	23.70
Aug. 30	41,472,032,904	28.32	Sept. 30	35,604,809,453	24.20
Sept. 30	40,984.419,434	28.02	Oct. 31	37,727,599,526	25.65
Oct. 31	39,057,023,174	26.66	Nov. 30	37,374,462,460	25.41
Nov. 29	37,882,316,239	25.87	Dec. 31	38,811,728,666	26.39
Dec. 31	35,785,946,533	24.46	1943—		
1942—			Jan. 30	41,410,585,043	28.16
Jan. 31	36,228,397,999	24.70	Feb. 27	43,533,661,753	29.61
Feb. 28	35,234,173,432	24.02	Mar. 31	45,845,738,377	31.20
Mar. 31	32,844,183,750	22.36	Apr. 30	46,192,361,639	31.45
Apr. 30	31,449,206,904	21.41	May 29	48,437,700,647	32.96
May 29	32,913,725,225	22.40	June 30	48,878,520,886	33.27
June 30	33,419,047,743	22.73	July 31	47,577,989,240	32.17

July Department Store Sales

The Board of Governors of the Federal Reserve System announced on Aug. 5 that department store sales declined less than seasonally in July and the Board's adjusted index rose from 129 to 143% of the 1923-25 average.

Value of sales in July was about one-fourth larger than a year ago, reflecting in part price increases. In the first seven months of this year sales were 15% larger than in the corresponding period of 1942.

INDEX OF DEPARTMENT STORE SALES‡ (1923-25 AVERAGE=100)

	July 1943	June 1943	May 1943	July 1942
Adjusted for seasonal variation	143	129	125	121
Without seasonal adjustment	99	124	125	83

Change from corresponding period a year ago (per cent)

Federal Reserve	One Week Ending				Four Weeks Ending				Year to
District—	7-31	7-24	7-17	†7-10	7-31	6-26	5-29	5-1	7-3
Boston	+5	+15	+11	—7	+6	+9	+20	+18	+10
New York	+8	+12	+11	—11	+5	+14	+17	+11	+7
Philadelphia	+5	+8	*+12	—11	+3	+9	+14	+16	+8
Cleveland	+12	+18	+19	—3	+11	+13	+16	+6	+9
Richmond	+10	+17	+14	+1	+10	+18	+21	+18	+14
Atlanta	+37	+41	+37	+15	+32	+42	+33	+30	+27
Chicago	+10	+14	+19	—2	+10	+14	+15	+12	+11
St. Louis	+11	+21	+16	+2	+12	+25	+24	+13	+16
Minneapolis	§	§	§	§	+16	+22	+25	+18	+15
Kansas City	+25	*+32	+36	+19	+28	+39	+37	+34	+34
Dallas	+28	+53	+45	+36	+41	+55	+47	+44	+42
San Francisco	+7	*+22	+28	+4	+15	+30	+35	+29	+25
U. S. total	+11	+19	+20	—1	+12	+19	+22	+17	+15

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1943—		1942—	
July 3	116	July 4	84
July 10	101	July 11	102
July 17	111	July 18	93
July 24	109	July 25	92
July 31	107	Aug. 1	96

*Revised. †In using year ago comparisons for the week ending July 10 allowance should be made for the fact that store closings in observance of the Independence Day holiday occurred in the week ending July 10 whereas last year they occurred in the previous week. ‡Monthly indexes refer to daily average sales in calendar month; July, 1943, figures estimated from weekly sales. §Not shown separately but included in United States total.

Non-Ferrous Metals—WPB Strengthens Silver Conservation—Allocated Lead To Move Earlier

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Aug. 5, stated:

"Despite the large supply of silver that has been made available since the Green bill has become law, manufacturers of silver products learned last week that WPB has amended the conservation order limiting consumption of the "free" metal to essential uses. Quantities of silver available for various non-essential products remain restricted as heretofore. To expedite the movement of foreign lead to consumers, allocations will be considered by WPB at an earlier date, probably around the middle of the month. The situation in copper and zinc remains unchanged. Inventories of scrap aluminum are substantial and prices on such material are unsettled. Magnesium supplies are easier." The publication further went on to say:

Copper

WPB reminded manufacturers using copper or copper base alloy materials in the production of permitted civilian goods that brass and wire mill products are available for such purposes through the Copper Recovery Corp. Sizable frozen or excess inventories of brass and copper products lie unused in manufacturers' hands, it is stated officially.

Revised price schedule 82 (Wire, Cable, and Cable Accessories) has been amended by OPA to provide for individual adjustments in ceiling prices after it has been ascertained that existing prices are at a level that would impede or threaten the supply of vital wire or cable.

Lead

The proceedings connected with the monthly job of allocating MRC lead are to be advanced by more than a week. This will facilitate moving lead from Mexico and other points where transportation enters into the problem. Consumers have been asked by WPB to file their reports asking for allocated metal on or before the 12th day of the month preceding shipment. The allocation meeting scheduled for this month is expected to be held early in the week beginning Aug. 16, or about ten days earlier than last month.

Sales of lead during the last week were higher than in the week previous. Prices were unchanged.

Zinc

Production of Prime Western was taken care of in the August distribution of zinc by WPB, but, as in recent months, a fair tonnage of High Grade was earmarked for the reserve supply. The market situation in zinc was unchanged. Zinc concentrate production in the Tri-State district continues to suffer because of the manpower shortage.

Magnesium

The supply situation in magnesium is generally regarded as easier, and it is reported that the metal is no longer classified by WPB as "most critical." But recent developments in war uses of magnesium and magnesium alloys have created a demand for special shapes that producers maintain require a premium greater than 1c. a pound over the base price. Last week sellers of magnesium and magnesium alloys in non-standard shapes were authorized to submit proposed prices for such shapes and charge a higher figure pending approval of the revised quotations by OPA within 15 days after Aug. 4.

Tin

Tin contained in exports of concentrates from Bolivia during June amounted to 2,975 metric tons, which compares with 3,396 tons in the same month last year. Exports for the first six months of the current year contained 18,399 tons of tin, against 19,415 tons in Jan.-June period of 1942. About one-half of the total shipped went to England and the remainder was consigned to the United States.

The price situation in tin here remains unchanged. Straits quality tin for shipment was as follows:

	Aug.	Sept.	Oct.
July 29	52,000	52,000	52,000
July 30	52,000	52,000	52,000
July 31	52,000	52,000	52,000
Aug. 2	52,000	52,000	52,000
Aug. 3	52,000	52,000	52,000
Aug. 4	52,000	52,000	52,000

Chinese, or 99% tin, continues at 51.125c. a pound.

Quicksilver

The expected fall of Italy eventually should bring additional supplies of quicksilver into the hands of the Allies, though, in the opinion of trade authorities, these are not needed under present conditions. However, the over-all picture in the metal would certainly be regarded as easier in anything but a war economy.

Production of quicksilver in Spain in 1942 is believed to have exceeded the record high of 85,500 flasks unofficially reported for 1941, foreign press reports to "Foreign Commerce Weekly" state.

The price situation in the United States continues unchanged. In the New York market prices range from $196 to $198 per flask.

Silver

Consumers of silver who thought that the Green Act, releasing the Treasury's "free" metal, would bring almost unlimited relief to those in need of supplies now find that the conservation order (M-199) has been amended so that no increase in the amounts available for non-essential purposes is permitted by WPB. Rising essential industrial demands, curtailed imports, coinage and Lend-Lease requirements have combined to bring additional control over distribution. Though original Treasury holdings of "free" silver amounted to more than 1,200,000,000 ounces, supplies already loaned for use on essential projects have reduced the quantity now available to around 450,000,000 ounces. Not so long ago, WPB estimated potential requirements at 210,000,000 to 260,000,000 ounces a year.

The effective date on which manufacturers of semi-fabricated silver products may charge the same prices for products made of Treasury silver as they are permitted to charge for items made of newly mined domestic silver has been advanced from Aug. 2 to July 29. This was done to bring the OPA ruling in line with the date named in the latest conservation order.

During the last week the London market continued at 23½d. London trading was suspended on Monday (Aug. 2) because of the bank holiday. The New York Official and Treasury prices were unchanged at 44¾c. and 35c., respectively.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

War Seen Closing Many Retailers, OPA Study Of British Experience Holds

Modern war inevitably will drive many retailers out of business, Office of Price Administration researchers reported in a study made public on Aug. 8 by the Senate Small Business Committee.

The report, by Margaret Hall of the United Kingdom section, foreign information branch of the OPA, was based on a study of the effects of war on British retailing. It was prepared at the request of the committee.

In Associated Press Washington advices of Aug. 8, the following was also reported:

Senator Murray (Dem., Mont,), Committee Chairman, wrote a preface to the study, drawing attention to the British program of guaranteeing fixed quotas of scarce goods to small retailers and a plan to give post-war priority for re-entry into business by retailers forced out by the war.

The requirement that fixed percentages of scarce goods go to small distributors, and that each section of the country get a fixed share of such goods, was adopted to offset a tendency to give preference to customers whose buying capacity and accessibility made them more attractive, the report said.

Senator Murray's preface said the study "should contribute toward a realistic appraisal of the extent to which the British experience in retailing may or may not be helpful to us in America."

In its discussion the report said that if inflation is to be prevented it was apparent that "price increases sufficient to compensate reductions in the physical volume of turnover cannot be tolerated. It seems inevitable that a contraction of the retail trade will be most severely felt by the small retailer, to whom overhead costs are a more significant item than they are to the larger stores."

Variety chain stores, offering cheap goods at a low profit margin, showed great survival value under war conditions, the investigators said. Cooperative retail societies operating their own stores were estimated to do 12% of the British retail business in 1938, and have become increasingly popular during the war, the study said.

Summarizing findings, the report said of Britain's experience:

1. Failure to control prices during the first two years of the war jeopardized the Government's anti-inflation policy, requiring stabilization of the cost-of-living index.

2. Rising prices during the first two years of war prevented the profit situation of the larger retail stores from showing any serious tendency to deteriorate despite a decline in the physical volume of trade. Small retailers incurred losses which recent estimates indicate caused 17% of the pre-war shops to close down.

3. It became necessary to stabilize the price of consumers' goods in order to stabilize the cost-of-living index. Price rises, therefore, are being halted under the Goods and Services (price control) Act. This reveals a situation which is characterized by overcapacity in the retail distributive trade. Thousands of retailers have been "hanging on" who have, in fact, no hope of profitable survival in view of the continually diminishing supplies of consumers' goods and relentless pressure on their labor supply.

4. It is difficult to escape the conclusion that efficient price control and organized reduction of capacity at an earlier date would have benefited both the retailers and the public.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Aug. 6 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended July 24, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended July 24 (in round-lot transaction) totaled 1,598,853 shares, which amount was 16.54% of the total transactions on the Exchange of 5,086,320 shares. This compares with member trading during the week ended July 17 of 2,677,115 shares, or 18.10% of total trading of 7,398,000 shares. On the New York Curb Exchange, member trading during the week ended July 24 amounted to 358,340 shares, or 13.13% of the total volume of that exchange of 1,364,460 shares; during the July 17 week trading for the account of Curb members of 579,305 shares was 15.34% of total trading of 1,888,145.

Total Round-Lot Stock Sales on the New York Stock Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 24, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	105,420	
‡Other sales	4,980,900	
Total sales	5,086,320	
B. Round Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	421,250	
Short sales	55,930	
‡Other sales	368,340	
Total sales	424,270	8.31
2. Other transactions initiated on the floor—		
Total purchases	219,230	
Short sales	11,900	
‡Other sales	222,580	
Total sales	234,480	4.46
3. Other transactions initiated cff the floor—		
Total purchases	182,520	
Short sales	16,300	
‡Other sales	184,933	
Total sales	201,233	3.77
4. Total—		
Total purchases	823,000	
Short sales	84,130	
‡Other sales	775,853	
Total sales	859,983	16.54

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 17, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	17,905	
‡Other sales	1,346,555	
Total sales	1,364,460	
B. Round-Lot Transactions for the Account of **Members:**		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	88,510	
Short sales	10,470	
‡Other sales	116,575	
Total sales	127,045	7.90
2. Other transactions initiated on the floor—		
Total purchases	28,625	
Short sales	3,350	
‡Other sales	32,500	
Total sales	35,850	2.36
3. Other transactions initiated off the floor—		
Total purchases	35,720	
Short sales	400	
‡Other sales	42,190	
Total sales	42,590	2.87
4. Total—		
Total purchases	152,855	
Short sales	14,220	
‡Other sales	191,265	
Total sales	205,485	13.13
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	---	
§Customers' other sales	54,869	
Total purchases	54,869	
Total sales	48,085	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Daily Average Crude Oil Production For Week Ended July 31, 1943 Rises 14,600 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended July 31, 1943 was 4,133,300 barrels, an increase of 14,600 barrels over the preceding week and 750,250 barrels per day more than produced in the week ended Aug. 1, 1942. The current figure, however, is 195,200 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of July, 1943. Daily output for the four weeks ended July 31, 1943 averaged 4,111,350 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,788,000 barrels of crude oil daily and produced 11,127,000 barrels of gasoline; 1,187,000 barrels of kerosene; 3,765,000 barrels of distillate fuel oil, and 8,478,000 barrels of residual fuel oil during the week ended July 31, 1943; and had in storage at the end of that week 74,977,000 barrels of gasoline; 9,296,000 barrels of kerosene; 36,363,000 barrels of distillate fuel, and 66,877,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations July	*State Allowables Begin. July 1	Actual Production Week Ended July 31, 1943	Change from Previous Week	4 Weeks Ended July 31, 1943	Week Ended Aug. 1, 1942
Oklahoma	361,400	363,400	†333,500	+ 3,550	332,300	383,400
Kansas	300,000	300,000	†306,150	----	296,550	280,050
Nebraska	2,200	------	†2,200	----	2,150	3,500
Panhandle Texas			90,400	----	90,400	65,800
North Texas			137,700	----	137,700	139,100
West Texas			245,600	----	245,600	138,200
East Central Texas			128,000	----	128,000	74,850
East Texas			371,000	----	371,000	218,050
Southwest Texas			230,000	----	230,000	99,100
Coastal Texas			412,900	----	412,900	171,450
Total Texas	1,727,000	‡1,728,136	1,615,600	----	1,615,600	906,550
North Louisiana			84,500	— 550	84,950	96,200
Coastal Louisiana			264,000	----	264,000	234,600
Total Louisiana	331,300	360,300	348,500	— 550	348,950	330,800
Arkansas	77,200	75,043	77,400	+ 100	77,200	72,500
Mississippi	50,000		53,250	— 900	52,350	82,000
Illinois	233,000		218,850	+ 3,450	216,050	274,350
Indiana	14,500		13,850	— 200	13,500	18,300
Eastern— Not incl. Ill., Ind., Ky.)	88,100		81,050	+ 4,650	77,350	91,050
Kentucky	25,000		25,050	+ 1,900	23,100	11,500
Michigan	60,100		57,900	+ 2,100	56,300	62,500
Wyoming	97,200		100,000	+ 3,500	95,100	90,750
Montana	21,800		21,450	+ 600	21,000	21,650
Colorado	7,000		7,300	----	7,200	6,800
New Mexico	105,700	105,700	103,950	— 100	102,300	70,650
Total East of Calif.	3,501,500		3,366,000	+ 18,100	3,337,000	2,706,350
California	827,000	§827,000	767,300	— 2,500	774,350	676,700
Total United States	4,328,500		4,133,300	+ 14,600	4,111,350	3,383,050

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would. under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in April, 1943, as follows: Oklahoma, 27,400; Kansas, 5,400; Texas, 107,400; Louisiana, 20,000; Arkansas, 2,700; Illinois, 11,200; Eastern (not including Illinois, Indiana or Kentucky), 8,900; Kentucky, 3,200; Michigan, 100; Wyoming, 2,300; Montana, 300; New Mexico, 5,200; California, 44,900.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. July 29, 1943.

‡This is the net basic allowable as of July 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 15 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JULY 31, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,789	73.2	5,011	31,020	15,365	13,962
Appalachian	177	84.8	139	78.5	405	2,133	1,068	531
Ind., Ill., Ky.	824	85.2	702	85.2	2,502	14,832	5,508	3,287
Okla., Kans., Mo.	416	80.1	320	76.9	1,108	5,995	2,041	1,719
Rocky Mountain	147	55.9	93	63.3	270	1,609	357	665
California	817	89.9	745	91.2	1,831	19,388	12,024	46,713
Tot. U. S. B. of M. basis July 31, 1943	4,825	86.4	3,788	78.5	11,127	†74,977	36,363	66,877
Tot. U. S. B. of M. basis July 24, 1943	4,825	86.4	3,973	82.3	11,423	75,714	35,889	66,992
U. S. Bur. of Mines basis Aug. 1, 1942			3,685	---	10,949	79,446	37,828	77,985

*At the request of the Petroleum Administration for War. †Finished, 64,423,000 barrels; unfinished, 10,554,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,187,000 barrels of kerosene, 3,765,000 barrels of gas oil and distillate fuel and 8,478,000 barrels of residual fuel oil produced during the week ended July 31, 1943, which compares with 1,409,000 barrels, 3,896,000 barrels, and 8,366,000 barrels, respectively, in the preceding week and 1,159,000 barrels, 3,647,000 barrels and 6,786,000 barrels, respectively, in the week ended Aug. 1, 1942.

Note—Stocks of kerosene amounted to 9,296,000 barrels at July 31, 1943, against 8,987,000 barrels a week earlier and 10,933,000 barrels a year before.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93
May 22	142,673	152,960	548,911	96	93
May 29	151,308	150,504	545,673	95	93
Jun. 5	168,051	141,337	565,291	92	93
Jun. 12	172,437	149,675	586,183	97	93
Jun. 19	136,166	142,865	561,945	95	93
Jun. 26	133,808	145,324	547,301	96	93
July 3	179,835	144,232	580,683	92	93
July 10	111,912	100,115	573,342	69	93
July 17	151,993	140,803	587,181	91	93
July 24	136,881	148,852	572,786	97	93
July 31	153,646	150,337	571,705	97	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Aug. 6 a summary for the week ended July 31 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended July 31, 1943

	Total for Week
Odd-Lot Sales by Dealers:	
(Customers' purchases)	
Number of Orders	30,100
Number of Shares	863,693
Dollar Value	30,095,254
Odd-Lot Purchases by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers short sales	245
*Customers' other sales	26,135
Customers total sales	26,380
Number of Shares:	
Customers' short sales	8,117
*Customers' other sales	747,064
Customers' total sales	755,181
Dollar value	25,079,647
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	110
†Other sales	156,980
Total sales	157,090
Round-Lot Purchases by Dealers—	
Number of shares	245,420

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended July 31, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 461 mills reporting to the National Lumber Trade Barometer exceeded production by 0.7% for the week ended July 31, 1943. In the same week new orders of these mills were 3.8% less than production. Unfilled order files in the reporting mills amounted to 107% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 10.3%; orders by 13.0%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 25.2% greater; shipments were 29.6% greater; and orders were 20.9% greater.

NYSE Borrowing Higher

The New York Stock Exchange announced on Aug. 6 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business July 31 was $618,583,486, an increase of $10,866,334 above the June 30 total of $607,717,152.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $127,753,897; (2) on all other collateral $490,829,589; reported by New York Stock Exchange member firms as of the close of business July 31, 1943, aggregated $618,583,486.

The total of money borrowed, compiled on the same basis, as of close of business June 30, 1943, was (1) on direct obligations or obligations guaranteed as to principal or interest by the United States Government, $149,899,347; (2) on all other collateral, $457,817,805. Total, $607,717,152.

Revenue Freight Car Loadings During Week Ended July 31, 1943 Increased 1,688 Cars

Loading of revenue freight for the week ended July 31, 1943 totaled 885,514 cars, the Association of American Railroads announced on Aug. 6. This was an increase above the corresponding week of 1942 of 21,938 cars, or 2.5%, and an increase above the same week in 1941, of 3,492 cars or 0.4%.

Loading of revenue freight for the week of July 31, increased 1,688 cars, or 0.2% above the preceding week.

Miscellaneous freight loading totaled 386,039 cars, an increase of 202 cars above the preceding week, but a decrease of 9,149 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 98,706 cars, an increase of 1,390 cars above the preceding week, and an increase of 9,142 cars above the corresponding week in 1942.

Coal loading amounted to 178,117 cars, an increase of 417 cars above the preceding week, and an increase of 12,412 cars above the corresponding week in 1942.

Grain and grain products loading totaled 58,553 cars, a decrease of 286 cars below the preceding week, but an increase of 14,935 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of July 31, totaled 42,653 cars, a decrease of 972 cars below the preceding week but an increase of 14,063 cars above the corresponding week in 1942.

Live stock loading amounted to 14,270 cars, an increase of 503 cars above the preceding week, and an increase of 2,480 cars above the corresponding week of 1942. In the Western Districts alone, loading of live stock for the week of July 31, totaled 10,103 cars, an increase of 649 cars above the preceding week, and an increase of 1,617 cars above the corresponding week in 1942.

Forest products loading totaled 48,188 cars, an increase of 498 cars above the preceding week but a decrease of 7,275 cars below the corresponding week in 1942.

Ore loading amounted to 86,704 cars, a decrease of 1,863 cars below the preceding week and a decrease of 1,725 cars below the corresponding week in 1942.

Coke loading amounted to 14,937 cars, an increase of 827 cars above the preceding week, and an increase of 1,118 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except the Pocahontas, Southern and Southwestern but all districts reported decreases compared with 1941 except the Allegheny, Centralwestern & Southwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
5 weeks of May	4,149,708	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
Week of July 3	852,106	753,740	740,359
Week of July 10	808,630	855,158	876,142
Week of July 17	877,330	857,146	899,370
Week of July 24	883,826	855,515	897,564
Week of July 31	885,514	863,576	882,022
Total	24,404,428	25,248,536	24,146,189

N. Y. Reserve Bank Index Again Lower In June

In June the seasonally adjusted index of production and trade computed at the Federal Reserve Bank of New York fell one point to 124% of estimated long term trend. The index of production was down two points from May as small gains in munition industries were more than counterbalanced by the decreased production of coal and steel due to the recent strikes and the further curtailment of construction activity.

The Reserve Bank further explained:

"The daily average production of bituminous coal in June was the lowest since April, 1941 and daily average steel output declined for the third consecutive month. Electric power production continued to set record highs in June, while crude petroleum production remained fairly close to the May level, and cotton consumption decreased somewhat.

"The index of distribution to consumer increased one point over May owing chiefly to increases in department store and grocery chain sales on a seasonally adjusted basis. Variety chain and mail order house sales remained fairly close to the May levels, seasonal factors considered.

"According to preliminary indications, industrial activity in July showed an increase over June. The rate of steel mill operations, which had dipped several points late in June, recovered to 98% of capacity during the second half of July. In the meantime bituminous coal production recovered from the June work stoppages."

INDEXES OF PRODUCTION AND TRADE†

100=Estimated Long Term Trend

	June 1942	April 1943	May 1943	June 1943
Index of production and Trade	114	125	*125	*124
Production	123	135	*134	*132
Producers' goods—total	152	171	*170	*166
Producers' durable goods	177	203	*200	*195
Producers' nondurable goods	124	134	*135	*134
Consumers' goods—total	88	88	*87	*85
Consumers' durable goods	45	37	*34	*30
Consumers' nondurable goods	102	104	*105	*103
Durable goods—total	138	154	*151	*146
Nondurable goods—total	111	117	*117	*116
Primary distribution	130	153	*160	*156
Distribution to consumer	84	80	*80	*81
Miscellaneous services	120	166	*167	*168
Cost of Living, Bureau of Labor Statistics (100=1935-39 average)	116	124	125	*125
Wage rates (100=1926 average)	137	150	*151	
†Velocity of Demand Deposits (100=1935-39 average)				
New York City	61	83	85	71
Outside New York City	85	89	80	75

*Preliminary. †Adjusted for seasonal variation.

Statistics On Corporation Income Tax Returns For 1941

Secretary of the Treasury Morgenthau made public on Aug. 5 preliminary statistics from cooperation income and declared value excess-profits tax returns for 1941, filed through Dec. 31, 1942, prepared under the direction of the Commissioner of Internal Revenue Guy T. Helvering.

The number of corporation income and declared value excess-profits tax returns for 1941 filed through Dec. 31, 1942, is 509,062, of which 264,625 show net income of $18,111,092,109, while 204,277 show deficit of $1,778,552,586, and 40,160 have no income data (inactive corporations). The normal tax is $2,947,571,201, the surtax is $796,999,565, the declared value excess-profits tax is $64,452,662, the excess profits tax is $3,356,550,698, and the total tax is $7,165,574,126, an increase of 181% over the total tax liability for the preceding year.

The increase or decrease, 1941 over 1940, in the number of returns, net income, deficit, and tax follows:

PRELIMINARY DATA FOR CORPORATION RETURNS, 1941 AND 1940: NUMBER OF RETURNS, NET INCOME, DEFICIT, AND TAX

(Money figures in thousands of dollars)

	1941	1940	Increase or decrease (—) No. or amount	Percent
Total number of returns	509,062	516,783	—7,721	—1
Returns with net income:				
Number of returns	264,625	220,977	43,648	20
*Net income	18,111,092	11,203,224	6,907,868	62
Tax liability:				
†Income tax	3,744,571	2,144,292	1,600,279	75
‡Declared val. excess-prof. tax	64,453	30,744	33,709	110
§Excess profits tax	3,356,551	373,511	2,983,040	799
Total	7,165,574	2,548,546	4,617,028	181
Returns with no net income:				
Number of returns	204,277	252,065	—47,788	—19
*Deficit	1,778,553	2,283,795	—505,243	—22
No. of returns of inactive corporations	40,160	43,741	—3,581	—8

*"Net income" or "Deficit" for 1941 (as in 1940) is the amount reported for declared value excess-profits tax computation adjusted by excluding net operating loss deduction. †Amount shown as income tax for taxable years beginning in 1940 includes income defense tax; for taxable years beginning after 1940, such amount consists of normal tax and surtax, the defense tax being incorporated in the normal tax. ‡Amount shown as declared value excess-profits tax for taxable years ending between July 1, 1940 and June 30, 1941, includes declared value excess-profits defense tax; for taxable years ending after June 30, 1941, such amount consists of declared value excess-profits tax only, the defense tax being incorporated therein. §The excess-profits tax shown is that imposed for taxable years beginning after Dec. 31, 1939, by section 710 of the Internal Revenue Code as amended. For 1940, the amount tabulated is the excess-profits tax liability reported on corporation excess profits tax returns; for 1941, the amount tabulated is the excess-profits tax deduction allowed in computation of normal-tax net income.

Mortgage Recordings 15% Lower In First Half

Recordings of non-farm mortgages for the first half of 1943 totaled $1,702,679,000, which was 15% less than in the same period last year and 23% below the comparable 1941 total, the Federal Home Loan Bank Administration, a unit of the National Housing Agency, reported on Aug. 7. The estimate is compiled from mortgage recordings of $20,000 or less, reported from all parts of the country.

During June, recordings continued their recent month-to-month climb, reaching $349,046,000—7% more than in May and the first month this year when activity exceeded the total for the corresponding month of 1942.

For the first half of 1943, mortgages recorded by savings and loan associations declined only 10% from the first six months of 1942, as compared with the total reduction of 15% for all lenders. Recordings by insurance companies dropped 28%; commercial banks were down 26% and mutual savings banks, 23%. Individual lenders registered a 3% gain.

The number and amount of mortgages recorded from January to June, 1943, by type of lender, are as follows:

	Number	Amount	Percent
Savings and loans associations	188,355	$539,302,000	31.7
Insurance companies	27,579	135,768,000	8.0
Banks and trust companies	101,169	340,828,000	20.0
Mutual savings banks	16,619	64,256,000	3.8
Individuals	168,192	371,143,000	21.8
Other mortgagees	71,830	251,382,000	14.7
Totals	573,744	$1,702,679,000	100.0

Electric Output For Week Ended Aug. 7, 1943, Shows 16.6% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Aug. 7, 1943, was approximately 4,240,638,000 kwh., compared with 3,637,070,000 kwh. in the corresponding week last year, an increase of 16.6%. The output for the week ended July 31, 1943, was 15.8% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Aug. 7	July 31	July 24	July 17
New England	8.7	6.70	9.3	11.3
Middle Atlantic	19.6	17.6	17.5	19.0
Central Industrial	15.8	14.1	13.6	13.0
West Central	14.3	14.2	12.3	13.5
Southern States	16.6	16.0	17.6	22.0
Rocky Mountain	15.4	16.5	10.2	11.1
Pacific Coast	18.6	21.1	20.6	23.4
Total United States	16.6	15.8	15.7	17.4

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
May 1	3,866,721	3,304,602	+17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+16.0	3,003,921	1,436,928	1,698,947
May 15	3,969,161	3,356,921	+18.2	3,011,345	1,435,731	1,704,426
May 22	3,992,250	3,379,985	+18.1	3,040,029	1,425,151	1,705,460
May 29	3,990,040	3,322,651	+20.1	2,954,647	1,381,452	1,615,085
Jun 5	3,925,893	3,372,374	+16.4	3,076,323	1,435,471	1,689,925
Jun 12	4,040,376	3,463,528	+16.7	3,101,291	1,441,532	1,699,227
Jun 19	4,098,401	3,433,711	+19.4	3,091,672	1,440,541	1,702,501
Jun 26	4,120,038	3,457,024	+19.2	3,156,825	1,456,961	1,723,428
July 3	4,110,793	3,424,188	+20.1	2,903,727	1,341,730	1,592,075
July 10	3,919,398	3,428,916	+14.3	3,178,054	1,415,704	1,711,625
July 17	4,184,143	3,565,367	+17.4	3,199,105	1,433,993	1,727,225
July 24	4,196,357	3,625,645	+15.7	3,220,526	1,440,386	1,732,031
July 31	4,226,705	3,649,146	+15.8	3,263,082	1,426,986	1,724,728
Aug 7	4,240,638	3,637,070	+16.6	3,233,242	1,415,122	1,729,667

President's Speech Bid For 4th Term: Spangler

Harrison E. Spangler, Chairman of the Republican National Committee, declared on July 29 that President Roosevelt's radio address of July 28 was the beginning of "his campaign for a fourth and perhaps continuing term . . . a bold bid for the vote of our soldiers and sailors who are risking their lives for freedom."

Mr. Spangler made a formal demand on the Office of War Information and the War and Navy Departments that statements by Republican Congress members and others, commenting on "the political implications" of the speech, be distributed to the armed forces through Army newspapers, ships' bulletins and other channels.

At his press conference on July 30 the President indirectly denied that he was "playing politics." Brushing aside a request for comment on the "speculation as to the political portent of his address," Mr. Roosevelt said some one at the White House had asked him why, in his next speech, he does not devote a paragraph or two to saying the moon is beautiful. It was suggested that he would be accused of playing politics, Mr. Roosevelt said, because a lot of young people like to sit out under the moon.

Mr. Spangler, in his telegram to Secretary of War Henry L. Stimson, Secretary of the Navy Frank Knox and Robert Sherwood, head of the overseas division of the OWI, said:

"Last night over world-wide radio President Roosevelt launched his campaign for a fourth, and perhaps continuing term in the White House. Under the pretext of a major report on the war situation, he made a straight-out political speech and a bold bid for the vote of our soldiers and sailors who are risking their lives for freedom.

"You will appreciate, I am sure, the dangers to our democratic institutions of the Commander in Chief stooping to this type of politics among those who instead of thinking of him as a cunning political leader should have confidence that he is thinking only of winning the war, getting them back home quickly and at work in jobs with opportunity ahead. Every American is determined to take care of these returning heroes. It will be the nation that does it and not a personal beneficence of the President.

"These boys and girls, as thinking citizens, should not be made political serfs. They are entitled to all sides of all questions so that they can make up their own minds how they will vote next year.

"A number of members of Congress, including Senator Bridges of New Hampshire and Representative Ditter of Pennsylvania and newspaper writers have already pointed out the political implications of the President's speech.

"I, therefore, formally request of you that these comments be just as widely distributed to our armed forces as it is possible through the facilities at your command. I request that they be published, with the President's statements, in the Army newspapers and the ship's bulletins. I request that they be communicated immediately through your news communication channels to our troops overseas.

"I know that you will recognize, as I do, the perils to our free institutions unless we do maintain the right of free political discussion. Will you please confirm to me that you have taken such steps as are necessary to insure that the comments of Congress are reaching the armed forces?"

Items About Banks, Trust Companies

The Manufacturers Trust Co., New York City, is distributing a booklet with the heading "Pension and Profit Sharing Plans" which contains a description of various retirement income and profit sharing plans, and comprises an analysis of the laws affecting Pension Trusts.

William J. Miller, Jr., has been appointed Assistant Secretary of the United States Trust Co., New York City.

Alan C. Gardner, recently appointed Realty Consultant for the New York State Banking Department, goes to his new post after eight and one-half years as Real Estate Appraiser for the Union Dime Savings Bank, New York City. Prior to that he was with the Brooklyn Trust Co. in a similar capacity for three and one-half years. Mr. Gardner is a graduate of the Wharton School, University of Pennsylvania, Philadelphia. He started work with the Banking Department Aug. 2.

Hugo Blumenthal, retired stock broker and investment banker, died on Aug. 8 in his apartment at the Sherry-Netherland Hotel, New York City. He was 81 years old. Mr. Blumenthal was for 40 years a trustee of Mount Sinai Hospital and for 25 years was President of the Mount Sinai School of Nursing. A native of New York City, Mr. Blumenthal was a member of the New York Stock Exchange, when, at the age of 28, he became a partner of J. S. Bache & Co. In 1902 he entered the investment banking firm of Hallgarten & Co., as senior partner. He retired from business in 1912 to devote his full time to his philanthropic work.

George A. Powers, Vice President of the Bank of Rockville Centre (L. I.) Trust Co., died on Aug. 3 at his home in Garden City. He was 66 years old. Mr. Powers had been active in Nassau County real estate for over 40 years. He had been connected with the bank since 1922.

Henry Tietze, a founder and Director of the First National Bank & Trust Co., of Tuckahoe, N. Y., died on Aug. 6 at his home in Yonkers. He was 83 years old.

Stuart M. Frame, President of Crouch & Beahan Co., has been elected a member of the Board of Trustees of the East Side Savings Bank, Rochester, N. Y., it was announced by Joseph H. Zweeres, President. He has been active in building and housing activities in Rochester since coming to the city in 1931.

Wilbur Munn, President of the Second National Bank of Orange, N. J., died on Aug. 7 at his home in Orange. He was 74 years old. Mr. Munn had headed the bank since 1917. For 20 years prior to that time, he held various positions with the Hanover Bank of New York.

A. E. Braun, President of the Farmers Deposit National Bank of Pittsburgh, announces the election of Frederick K. Trask, Jr., and Richard H. Wells as Assistant Vice-Presidents.

Mr. Trask, now on leave of absence as a major in the United States Army, has been connected with the Farmers Bank for eight years, while Mr. Wells has been an officer of the State Planters Bank and Trust Co., Richmond, Va., for several years.

The Guardian Trust Co. of York, Pa., a State member bank of the Federal Reserve System, has been absorbed by the York County National Bank, York, Pa., it is announced by the Board of Governors of the Federal Reserve System.

The Land Title Bank and Trust Co., Philadelphia, announces the retirement as of Aug. 1 of an additional $750,000 of its preferred stock, making a total of $3,275,000 retired since June 30, 1940 The current annual dividend of 3% on the outstanding preferred shares due Aug. 1 was also paid.

Percy C. Madeira, Jr., President of the bank, said that this additional retirement was made possible by the continued substantial liquidation of the bank's real estate and mortgages, and further gains in its deposits and loans and discounts during the past twelve months.

Thomas F. Cadwalader has been elected Trust Officer of the First National Bank of Baltimore. Mr. Cadwalader, who was associated with the law firm of Marbury, Gosnell and Williams, has had wide experience in fiduciary work.

B. J. Craig, Director, Vice President and Treasurer of the Ford Motor Co., was elected a Director of the Manufacturers National Bank of Detroit at a meeting of stockholders on the tenth anniversary of the bank, Aug. 10.

In connection with the meeting, Henry H. Sanger, chairman of the board of the bank, announced the promotion of three officers and the selection of nine new officers from the employee staff of the bank. L. George Bott, Second Vice President, was named a Vice President, Charles A. Stoll, Auditor, was made a Second Vice President, and Walter C. Leonhardt was promoted from Assistant Credit Manager to Credit Manager. Officers chosen from employees were:

Russell A. Kruger, Second Vice President; Thomas A. Kenny, Raymond W. Ladendorf, Chester J. Meldrum, Harold H. Rapp, and George R. Wellings, Assistant Cashiers in the Commercial Banking Department; Alexander N. Gardner, Assistant Cashier in the Foreign Banking Department; J. Donald Orth, Assistant Trust Officer; Edwin F. Schulz, Auditor.

"Each of the twelve men promoted by the bank," said Mr. Sanger, "was with Manufacturers National when it opened for business ten years ago—Aug. 10, 1933. The Detroit banking experience of these men now averages more than 25 years."

The Manufacturers National also announced its purchase of the former Peoples State Bank Building in Detroit and expects to move its Main Office to that building before the end of 1943.

John H. Frye, Birmingham banker and former Managing Director of the Birmingham branch of the Federal Reserve Bank of Atlanta, died on Aug. 1 at his home in Birmingham. He was 71 years old. A native of Monroe County, Alabama, Mr. Frye founded the Traders' National Bank of Birmingham, which, through mergers, later was consolidated with the First National Bank, Birmingham.

With founder A. P. Giannini personally in command, more than 10,000 employees of the Bank of America throughout California have launched a drive to sell to individual purchasers an additional total of $300,000,000 in war bonds by the end of next January.

Terming it the opening of an offensive on the third front, Mr. Giannini started the drive with a radio appeal to all employees as they assembled for work on Aug. 2. Radio sets had been installed in each of the nearly 500 branches of the bank to receive the message.

Mr. Giannini said that while in the 20 months since Pearl Harbor his "boys and girls" had retailed over $300,000,000 worth of E, F and G bonds, he wanted to see that figure doubled within the next six months. "I have not overestimated your patriotism," he declared. "I know you can do it."

The drive is being liberally supported with a broad campaign of newspaper advertising and publicity, supplemented by outdoor billboards, lobby displays, folders, badges and other printed aids, and the possibility of effective radio program support is being studied. Each branch has been assigned a quota, and the staff monthly newspaper, "The Bankamerican," is to carry a monthly tabulation of progress toward the goal as well as publish other news of the drive and sales guidance.

Secretary of the Treasury Morgenthau has extended congratulations to the bank on its campaign and offered best wishes for its success.

The Directors of the Imperial Bank of Iran propose paying a final dividend of 6% actual, subject to tax, for the year ending March 20, 1943. This with the interim dividend of 3% makes a total for the year of 9% gross, the same as last year.

The News Behind The News

(Continued from first page)

lion dollar figure is not so fabulous as his story, his woefully false propaganda story, that physical resources are riches.

What then is wealth? The only worth of ore in the ground is what profit someone can make out of it by digging it up. Unless it is profitable to dig it, and use it, no one will do so.

So also with General Motors, and all other factory resources. Their only worth is what profit someone can make out of them by using them.

If taxes are too high for profitable operation, if government regulations are too confusing, if no labor is available, if wages costs are too high, if, for any reason at all, it becomes unprofitable to dig Mr. Ickes' 12 trillion dollars out of the ground, his ores have no value.

Good jobs, good pay for workers, security of livelihood for themselves and their families, all depend upon maintaining the profit incentive. Profits do not alone go to the boss or the owner. They determine the wage rate. They furnish money for expansion and reserves.

But most important, they furnish the taxes through which this terrific war debt must be paid and financed.

The debt must be paid from the sweat of our brow. The dollars can only be paid by profits, profits for all, for the working man, for the manager, for the stockholder. Only when all are making money does money pour into the Treasury of the United States.

You cannot pay the debt with ore in the ground, or with factories, or even with unprofitable employment of both work and capital.

Mr. Ickes does not know what wealth is.

As it stands, his statement is really discouraging propaganda. It shows he has a misconception of what is needed. It suggests he is carrying the debt so lightly in his own mind that he does not propose to do the things necessary to pay it off as Mr. Roosevelt has promised it will be paid.

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Notice

To Holders of Foreign Securities

The Treasury Department requires a valuation, prior to Nov. 1, 1943, of all Foreign Securities held by individuals in this country.

For the May 31, 1943 prices
we suggest that you consult the "June 1943" BANK AND QUOTATION RECORD.

For the Aug. 1, 1939 prices
we suggest that you consult the "Sept. 1939" BANK AND QUOTATION RECORD.

For the Dec. 1, 1941 prices
we suggest that you consult the "Jan. 1942" BANK AND QUOTATION RECORD.

The subscription rate for The Bank and Quotation Record, issued monthly, is $20 per annum.

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House Group Puts Off Work On New Tax Program: Doughton Predicts Bill Of Double Purpose

The House Ways and Means Committee has postponed work on a general tax bill in favor of consideration of war contract renegotiation law revisions. The Committee will meet on Sept. 8 to review the renegotiation law as to possible changes—these hearings are likely to continue for ten days or two weeks after which the Treasury is expected to submit its program for $12,000,000,000 in new taxes.

It is understood that the change in plans was decided upon in order to avoid the possibility of a debate on compulsory savings, until the Third War Loan drive for $15,000,000,000, scheduled to start Sept. 9, is well under way.

At his press conference on Aug. 5, Secretary of the Treasury Morgenthau reiterated that the Treasury's goal for new taxes is $12,000,000,000.

However, Congressional tax authorities are not in agreement as to the amount of revenue to be sought.

Senator George (Dem., Ga.), Chairman of the Senate Finance Committee, said sharply increased income tax rates would ruin the middle class—"backbone of the Nation"—while Representative Doughton (Dem., N. C.), Chairman of the House Ways and Means Committee, warned that new levies must be kept within the taxpayers' capacity to pay.

After a conference with Secretary Morgenthau on Aug. 3, Mr. Doughton issued the following statement:

"I can safely say that we appear to be in agreement on most of the fundamental issues concerning the need for increased Government revenue to pay a larger share of the war costs and that with rates rising we should look for ways of protecting taxpayers whose working and living conditions are subject to special burdens.

"I do not mean by this that we are in complete agreement as to the amount of revenue to be sought because this is a decision which could only be made in full committee. However, it is safe to say that the amount of revenue which eventually will be sought, by whatever method is determined upon, will be within the limitations of taxpayers to pay. The belief that we should obtain more of the war costs from current income than we are getting now is almost universally held.

"It is my feeling," the statement continued, "that we face considerations in the coming revenue bill which have not been as vitally important before. For example: (1) I believe that the new revenue bill should be a program (underlined) to do two things: to raise revenue and to combat inflation. It should be more than just a revenue-raising bill. (2) The burden of any tax or anti-inflation proposal should be as equitably distributed as possible not only between upper and lower income groups but by recognizing that in any income group there may be people who need to be protected against the full impact of tax increases. I am encouraged by the results of our talks."

1,046 Merchant Ships In US In First 7 Mos.

The U. S. Maritime Commission reported on Aug. 4 that American shipyards during the first seven months of 1943 delivered into service 1,046 new merchant vessels, aggregating 10,485,500 deadweight tons, representing a tonnage equivalent to that of this country's total ocean-going merchant marine at the time of Pearl Harbor.

The Commission disclosed that production of 158 new vessels in July, was nine vessels short of the previous month's output, but the total tonnage—1,670,400 deadweight tons—remained about the same because of construction of larger units.

In United Press Washington advices, the following was reported:

"The total tonnage delivered thus far has passed the half-way point in the year's scheduled production of 19,000,000 deadweight tons, the Commission said, adding that ship production has now been stepped up to almost peak capacity.

"Of the 158 new vessels delivered in July, 109 were Liberty ships.

"The Permanente Metals Corp. of Richmond, Calif., led the nation's 33 shipyards in the number of vessels produced, having turned out 26 Liberty ships, the Commission said. The yard is operated by Henry J. Kaiser.

"In second place were the Bethlehem-Fairfield Shipyard, Inc., Baltimore, and the Oregon Shipbuilding Corp., Portland, Ore., with 17 Liberty ships each."

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